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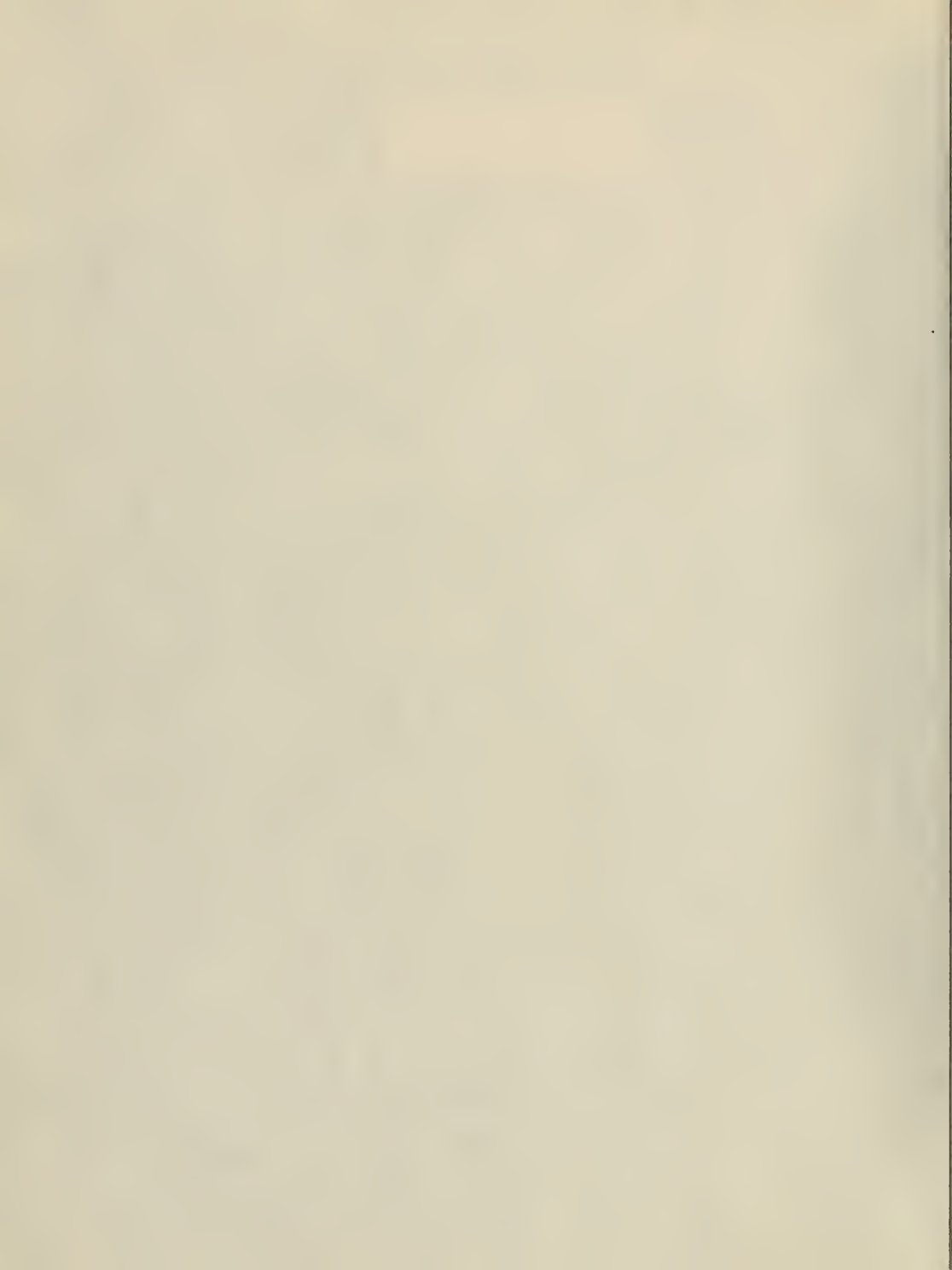
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MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
4TH DAY OF APRIL 1978

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The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 4th day of April 1978, the place, hour and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk (joined the meeting at 4:40 p.m.)
Dian Blomquist
Rubin Glickman
Melvin D. Lee

and the following was absent:

Dr. Hannibal A. Williams

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The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Mary Rogers, Arnold Townsend and Benny Stewart, Western Addition Project Area Committee (WAPAC); Willie Ballard, Ballard Construction; Vince Macuerski, United States Postal Service; Norman Carter, Carter Electric Company; and David Mischel, Mischel Construction Company.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

President Wexler indicated that approval of the minutes of the Regular Meetings of March 21, 1978 and March 28, 1978, and the Executive Meeting of March 28, 1978, would be held over until next week to permit the Commissioners time to review them.

SPECIAL APPEARANCES

Mr. Hamilton indicated that the next matter scheduled on the agenda was a public hearing which must be continued to a later date. He indicated he would make a statement concerning the reasons for continuing the hearing directly after the Secretary stated the purpose of the hearing.



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SPECIAL APPEARANCES (continued)

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- (a) Public hearing to hear all persons interested in the matter of the consideration of whether the Redevelopment Agency of the City and County of San Francisco shall enter into a Project Lease with the City and County of San Francisco, a municipal corporation, for the leasing of certain land in the Yerba Buena Center Approved Redevelopment Project Area D-1, for the purpose of construction by the City and County of San Francisco of a convention center, together with appurtenances in connection therewith for public assembly and convention purposes. The Redevelopment Agency proposed to consider whether to enter into the Project Lease and to lease said project land, known as Disposition Parcel 3734-A, to the City and County of San Francisco.

Mr. Hamilton indicated that at the Joint Public Certification Meeting of this Agency and the City Planning Commission held on March 23, 1978, both bodies determined that more time should be provided to allow additional public review and testimony on certain specified portions of the Yerba Buena Center Final Environmental Impact Report. The joint public hearing to receive this input is currently scheduled for April 11, 1978. At an appropriate time following that hearing, the Commissions of the Agency and City Planning will conduct a joint public meeting to consider taking final action on certification of the Yerba Buena Center Environmental Impact Report. Consideration of whether to enter into the Project Lease must therefore be postponed until after the Commissioners have had an opportunity to fully assess the adequacy of the Environmental Impact Report. Staff recommends that this public hearing be continued to May 2, 1978.

RULE OF THE CHAIR: President Wexler indicated that subject to any objections the public hearing is continued until May 2, 1978, at 4 p.m., the place, hour, and date duly established for the holding of such meeting. There being no objections, it was so ordered.

REPORT OF THE PRESIDENT

- (a) Dr. Williams underwent surgery on Friday and it appears to have been substantially successful. President Wexler indicated that he hoped a speedy and satisfactory recovery would soon enable Dr. Williams to be back with the Commission.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The Agency is in receipt of a notice from the Department of Housing and Urban Development (HUD) that the funding reservation for the Moderate-Priced Private Housing Site 13, located on Fillmore Street between Bush and Sutter Streets in Western Addition A-2, has been cancelled. Mr. Hamilton indicated that the Johnson family was to have been the sponsor but there were many legal impediments which they had been unable to resolve to the satisfaction of HUD. Evaluation of the plans for the use of this site is being carried out.

REPORT OF THE EXECUTIVE DIRECTOR (continued)

- (b) At a previous meeting, Mr. Hamilton indicated he had recommended that the Commission consider holding a public meeting on the question of the participation of Western Addition A-2 community groups interested in the decision-making process for that project. Discussions have been held with the Western Addition Project Area Committee (WAPAC) and staff and Mr. Hamilton was advised that there was an alternate plan which he believed would more effectively accomplish the same objective. The Commissioners will be advised of the time and structure of the meeting within a week's time.

At this point Ms. Berk joined the meeting at 4:40 p.m.

NEW BUSINESS

- (a) Resolution No. 77-78 authorizing the Executive Director to enter into a contract with Norman Carter, Jr., electrical contractor, to provide electrical installation services at 1117 Geary Boulevard, Western Addition Approved Redevelopment Project Area A-2.

This item concerns award of a contract to the lowest of three bidders, Norman Carter, Jr., for electrical work to be performed in accordance with the mandate of the Superior Court of San Francisco which required heaters in twelve second-floor rooms of the Goodman Building at 1117 Geary Boulevard. Staff has had difficulty in obtaining bids for any repair work because the contractors are difficult to secure for such services and it is believed that Mr. Carter's low bid of \$3,775 is acceptable.

President Wexler inquired if this work had any relation to work which the Agency had previously undertaken on one of the floors while tenants occupied another floor. Mr. Earl Mills, Deputy Executive Director for Community Services, came forward and responded that this was part of the same order of work that the Agency was required to perform. In response to President Wexler's inquiry, Mr. Mills indicated that there had been difficulty in obtaining bids for the work which the Agency agreed to do some months ago.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (b) Resolution No. 79-78 ratifying and approving action of the Executive Director in soliciting bids in connection with rehabilitation of Agency-owned structures on Lots 20, 46, and 47, Block 684; awarding contracts to H. T. Engineers, Mischel Construction, and Willis Ballard, on the basis of low bids received; and authorizing execution thereof, Western Addition Approved Redevelopment Project Area A-2.

This concerns rehabilitation contracts for the three remaining buildings in Victorian Square and recommends award to the low bidders for this

NEW BUSINESS (continued)

work, H. T. Engineers, Mischel Construction and Willie Ballard. Mr. Hamilton indicated that there had been some discussion that these buildings be sold and then be rehabilitated by individual owners; however, in order to complete the Victorian Square expeditiously and with continuity and in order to evaluate this proposal, it would be necessary to have the contractors hold their bids. He asked Mr. Gene Suttle, Area Director for Western Addition A-2, to come forward and comment on this. Mr. Suttle indicated that the contractors had been asked to extend their bids until it could be ascertained which purchasers were willing to do their own rehabilitation work and two of the three bidders agreed to do so for two weeks but the third contractor, Mr. Mischel, had a bonding problem and would not extend his bid.

Mr. Lee indicated that since two of the three contractors were clients of his, he would abstain from voting.

In response to President Wexler's request, Mr. Hamilton indicated that just prior to the meeting Mrs. Mary Rogers of WAPAC had requested that the bids be held also until the list of potential purchasers could be checked for those with the capacity to do their own rehabilitation work. Mr. Hamilton indicated that the next question was whether the contractors' bids would become more costly if they were extended. Mr. Suttle answered negatively and noted that the building to be rehabilitated by Mr. Mischel was to go to the next purchaser who did not wish to do his own work so that contract could be awarded at this time. However, the next business certificate holder was Mr. Roosevelt Carrie and there was no agreement that the building should be offered to him since there was already an insurance business in the Victorian Square complex. Mr. Suttle indicated this was not a recommendation and staff was working with the Victorian Square representatives.

President Wexler stated that this approach of selecting a developer who would do his own rehabilitation represented a major departure from the Agency's present policy that the Agency rehabilitate the buildings and sell them in totally rehabilitated condition, and Mr. Hamilton concurred. President Wexler inquired to what extent the Agency exposed itself to legal liability to the contractors if one of the purchasers is permitted to serve as his own contractor or to obtain his own contractor, and Agency General Counsel Leo E. Borregard indicated that he had not seen the bid documents but currently the Agency reserves the right to reject any and all bids. President Wexler inquired if the Agency made that policy change and if there is no award to anyone, there would be no legal exposure. Mr. Hamilton inquired if the Agency could refuse any and all bids for each individual property. In response to Mr. Borregard's comment, Mr. William McClure, Director of Rehabilitation, indicated that independent bids had been submitted to the Agency on each parcel so that there was a separate bid package for each property. Mr. Hamilton inquired if Mr. Borregard believed that the property at 1718 Fillmore Street, on which the Mischel Construction is the low bidder, could be awarded separately and the other two bids held.

NEW BUSINESS (continued)

Mr. Borregard indicated that if the policy on the basis of ownership selection were changed, this could increase the Agency's exposure.

Mr. Lee believed that if the bids were rejected, a potential purchaser would know the bids and could reject the low bidder and negotiate still a lower bid. Mr. Hamilton indicated that the bids had been received from contractors and did not relate to the potential purchaser's costs. President Wexler commented that current procedure would allow the Agency to enter into a contract to do the work and then sell the finished building to a purchaser without the purchaser doing the work. Mr. Hamilton concurred and indicated that to reject the bids of two contractors and subsequently sell the building to an individual who intends to act as his own general contractor and thus solicits bids would enable the purchaser to operate with knowledge of bids already taken.

Mrs. Rogers indicated that the bids for the three buildings were extremely high and she urged that the prices be brought down so people could buy the buildings. She indicated that for one building the bid was \$30,000 higher than staff estimates and she understood the high costs of rehabilitation but thought these were excessive and the Agency should postpone its decision for two weeks to see how those interested in Victorian Square could have an opportunity to discuss purchasing these buildings or rehabilitating them. Mr. Hamilton believed that the Agency would have some exposure if these bids were tabled and one bid would be lost or additional costs would be incurred. Mrs. Rogers indicated that WAPAC wished to determine how to bring down costs through a mechanism that would enable some people to do part of the work themselves. President Wexler inquired when the Mischel bid would expire and Mr. McClure responded its expiration date was April 8, 1978. Mr. Hamilton suggested selling the building to the purchaser who wanted the Agency to do the work and hold the other two bids two weeks.

In response to Ms. Blomquist's inquiry, Mr. Borregard confirmed that there were three separate bids and if there were an Agency policy change it would affect all the bids. The Mischel bid could be accepted and the other two could be considered within two weeks. President Wexler asked if it were appropriate to deal with one motion awarding one bid and continue the other two or have two motions, and Mr. Borregard responded that there should be two separate actions.

MOTION: It was moved by Ms. Shelley and seconded by Ms. Blomquist that award of the two contracts to H. T. Engineers and Willie Ballard be continued for two weeks, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Ms. Blomquist
Mr. Glickman
Mr. Wexler

and the following voted "Nay":

None

NEW BUSINESS (continued)

and the following abstained:

Mr. Lee

The President thereupon declared that the motion carried.

MOTION: It was moved by Ms. Shelley and seconded by Ms. Blomquist that award of the two contracts to H. T. Engineers and Willie Ballard be continued for two weeks, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Ms. Blomquist
Mr. Glickman
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

Mr. Lee

The President thereupon declared that the motion carried.

MOTION: It was moved by Ms. Shelley and seconded by Ms. Berk that Resolution No. 79-78 awarding the bid to Mischel Construction for the rehabilitation work on 1718 Fillmore Street in Western Addition Project Area A-2 be approved, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Ms. Blomquist
Mr. Glickman
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

Mr. Lee

The President thereupon declared that the motion carried.

- (c) Resolution No. 80-78 authorizing the Executive Director to enter into a rental agreement with the United States Postal Service for the utilization of cleared land in the Western Addition Approved Redevelopment Project Area A-2.

NEW BUSINESS (continued)

RULE OF THE CHAIR: President Wexler indicated that a request had been received from staff to hold this matter over and, subject to any objections, this item would be held until April 18, 1978. There being no objections, it was so ordered.

- (d) Resolution No. 81-78 authorizing the Executive Director to enter into a rental agreement with the Cherry Blossom Festival Committee for the utilization of cleared land in the Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that this resolution is withdrawn because the Akita Dog Obedience Contest and Show people had withdrawn their request.

- (e) Consideration of fire, vandalism, and extended coverage insurance on buildings to be rehabilitated, Western Addition Approved Redevelopment Project Area A-2.

This item concerns approval of the fire, vandalism and extended coverage insurance for nine vacant and five occupied buildings, with an estimated value of \$1,057,600. Three proposals were received and it is recommended that two be approved on the basis of low proposals and adherence to other elements required for the Agency's coverage, such as low deductible amounts. The Dinner Levison firm will cover eleven buildings for \$6,667 and the L. Baker General Insurance will cover 1109-25 Geary, which includes the Goodman Building, 1734-38 Laguna Street for \$3,945 and 1519 O'Farrell Street which is the A-2 site office. Ms. Blomquist expressed concern that Ms. Baker had placed higher bids than Dinner Levison, and that award was being recommended for these. Mr. Hamilton indicated that there was a distinction when buildings were occupied or vacant and noted that the proposal recommended for award to Ms. Baker was for occupied buildings and that Dinner Levison had not bid on them. President Wexler inquired if there were any reason why Ms. Baker's material was received later than March 21, 1978, and Mr. Hamilton requested Mr. Larry Baratte, Acting Assistant Executive Director for Finance and Administration, to respond. Mr. Baratte indicated that the bids had closed on the 21st. Ms. Baker had submitted a bid which was not in the correct form and had been submitted by her office on March 24. President Wexler inquired that when the Agency was supplied with the revised figures on the 24th, was that done with any potential awareness of what the other bidders had submitted, and Mr. Hamilton indicated the Agency had not made any of the bid information public. Mrs. Rogers inquired about the manner in which insurance brokers are informed of bids being sought and Mr. Hamilton indicated that the Agency had mailed out letters to brokers, including Mrs. Baker.

MOTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that the Agency's fire, vandalism, and extended coverage insurance on buildings to be rehabilitated be awarded to Dinner Levison and to the L. Baker General Insurance, Western Addition Approved Redevelopment Project Area A-2.

NEW BUSINESS (continued)

- (f) Consideration of carrier to provide general liability insurance.

This concerns placement of the Agency's general liability insurance to the firm of Johnson and Higgins for all projects. This firm has been successful in obtaining an agreement from the Agency's current carrier, the Canadian Indemnity Company, and the premium will be increased 17.5% over the last year's premium to \$140,989 but this appears to be the only alternative open to the Agency. This is in keeping with other increases in the insurance field and in view of the broker's inability to obtain other coverage, it is recommended that the policy for bodily injury of a limit of \$1 million be renewed.

MOTION: It was moved by Mr. Lee, seconded by Mr. Glickman, and unanimously carried that the firm of Johnson and Higgins be designated as the Agency's carrier to provide general liability insurance with the Canadian Indemnity Company for all redevelopment projects.

- (g) Consideration of approval of annual National Association of Housing and Redevelopment Officials (NAHRO) dues.

This item requests authorization to pay the Agency annual NAHRO dues. These dues are assessed on the basis of a city's population and when an Agency has two or more members, there is a 20% discount. This results in a request to pay dues of \$1,120 reduced from the Agency's assessment of \$1,500.

MOTION: It was moved by Ms. Blomquist, seconded by Mr. Glickman, and unanimously carried that payment of annual National Association of Housing and Redevelopment Officials (NAHRO) dues of \$1,120 for the Agency be authorized.

- (h) Resolution No. 82-78 amending Resolution No. 221-77, adopted November 1, 1977, establishing classifications and compensation schedules for Agency staff.

Mr. Hamilton indicated that this item was an amendment to the Salary Resolution No. 221-77 to delete the class of Director, Engineering, and substitute the class of Chief, Engineering, which will bring the engineering section into conformity with that of other technical divisions. Ms. Blomquist inquired what the salary range was for the position of Director of Engineering, and Mr. James Nybakken, Personnel Officer, responded that it was approximately \$1,381 biweekly.

ADOPTION: It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (i) Resolution No. 83-78 appointing Frank G. Cannizzaro as Chief, Engineering.

Mr. Hamilton indicated that Mr. Frank T. Cannizzaro be appointed as Chief of Engineering, effective April 5, 1978, in accordance with the Commissioners' consideration in the executive meeting of March 28, 1978. Mr. Cannizzaro has been with the Agency for ten years and has given good service.

NEW BUSINESS (continued)

ADOPTION: It was moved by Ms. Shelley, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

President Wexler congratulated Mr. Cannizzaro for his fine job and Mr. Cannizzaro expressed his appreciation.

- (j) Resolution No. 81-78 amending Resolution No. 49-78, adopted March 7, 1978, regarding reimbursement agreement with the City and County of San Francisco in connection with the payment of litigation fees for the Yerba Buena Center Project Area.

This represents an amendment to Resolution No. 49-78 concerning a reimbursement agreement with the City for payment of attorney's fees in connection with TOOR litigation in Yerba Buena Center. After discussion with the City Attorney, it was determined that the "collection clause" should be added back into the agreement and the resolution reflects this addition of language. Agency General Counsel Leo E. Borregard indicated that this matter of fee payment concerns the Public Advocates, Inc., previously considered by the Commissioners.

ADOPTION: It was moved by Ms. Shelley and seconded by Mr. Lee that this resolution be adopted, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Ms. Blomquist
Mr. Lee

and the following voted "Nay":

None

and the following abstained:


Mr. Glickman

The President thereupon declared that the motion carried.

ADJOURNMENT

It was moved by Ms. Shelley, seconded by Ms. Blomquist, and unanimously carried that the meeting be adjourned to executive session. The meeting adjourned at 5:20 p.m.

Respectfully submitted,


Helen L. Sause
Secretary

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MINUTES OF A SPECIAL MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
10TH DAY OF APRIL 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a special meeting at 939 Ellis Street in the City of San Francisco, California, at 5:00 o'clock p.m., on the 10th day of April, 1978, the place, hour and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Dian Blomquist
Rubin Glickman
Melvin D. Lee

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and the following was absent:

Dr. Hannibal A. Williams

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Mary Rogers, Arnold Townsend, Benny Stewart, Teall Henderson, Richard Harper, and Wade Woods, Western Addition Project Area Committee (WAPAC); Richard Jones, Western Addition Economic Opportunity Council; Donald Rappaport, Fillmore Center, Inc; Emory Curtis, Curtis and Associates; Nat Mason, Martin Luther King Corporation, Inc; Don Hesse, Human Rights Commission; Thomaba Scott, Economic Opportunity Council and Young Adults; J. Dei Santi, Miami Beach Redevelopment Agency; Carl Williams, Mayor's Office of Community Development; and Earl Gage, Patsy Fulcher, and Eleanor Spilus, interested citizens.

Representing the press were Marshall Kilduff, San Francisco Chronicle; and Peter Mingori, Sun Reporter.

APPROVAL OF MINUTES

It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that the minutes of the Executive Meeting of March 14, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that the minutes of a Regular Meeting of March 21, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Ms. Shelley, seconded by Ms. Blomquist, and unanimously carried that the minutes of a Regular Meeting of March 28, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that the minutes of an Executive Meeting of March 28, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that the minutes of a Regular Meeting of April 4, 1978, as distributed by mail to the Commissioners, be approved.

NEW BUSINESS

- (a) Consideration of a revised Urban Development Action Grant (UDAG) application, Western Addition Approved Redevelopment project Area A-2.

President Wexler indicated that he had a comment to make before general discussion of the UDAG application. He noted that, after having reviewed the minutes of the March 21, 1978 meeting at which he was not in attendance, he believed there may have been some ambiguity in regard to the appropriate role of the Commissioners and staff concerning the submittal of the Urban Development Action Grant (UDAG) application. He stated that under both State law and the Agency's by-laws, applications of this nature require the approval of the Commissioners before submittal unless there is a specific delegation of that authority to staff or others. President Wexler indicated that today the Commissioners were reviewing a revised application which would be considered by them for forwarding to the Board of Supervisors for its consideration. On behalf of himself and the other Commissioners, he believed it appropriate to note that a tremendous amount of time and effort had been made by staff to prepare this application and expressed his awareness of the difficulties of putting something together rapidly to meet a time deadline. President Wexler also indicated that the Commissioners were aware of the enormous job that had been done in advancing this application to this status. President Wexler then requested Mr. Hamilton to comment on the application.

Mr. Hamilton indicated that the proposal before the Commissioners was a revised UDAG application which had been forwarded to them for review of the changes in the nature and scope of the proposal. These revisions basically resulted from an informal review of the Department of Housing and Urban Development (HUD) which aided staff in completing the application by advising elements which should be addressed specifically. These changes have been under continuing review by the Commissioners, staff, and the Western Addition Project Area Committee (WAPAC) at many meetings. The revised application now has a proposed Federal funding request of \$5,958,539.

Mr. Hamilton indicated that among the modifications to the application are the following: (1) the Municipal Railway substation has been deleted from the application; (2) the proposal for construction of housing units has been primarily transferred from the public subsidy to private commitment; and (3) site improvements are limited to the Geary-Turk-Fillmore Center corridor. Mr. Hamilton noted that the Agency staff would be working with people interested in forming a local development corporation F.D.C. Inc., which will be undertaking certain responsibility for the implementation of the program. Mr. Hamilton indicated that although the substation was an appropriate element, it had been deleted upon advice from HUD that it was not an item which would strengthen the application. The Agency resolved to transfer the housing to a private entity to increase leverage of private funds.

Mr. Hamilton noted that the proposed application reflects an adherence to the regulations of the HUD guidelines, the Federal regulations, and the Redevelopment Plan. He advised that following the discussion of

NEW BUSINESS (continued)

application at the March 21, 1978 Agency meeting, there had been extensive consideration given to the establishment of a local development corporation. A meeting was convened last week by Allen Haile, Secretarial Representative, Department of Commerce, and a proposal of an interim board was made. Those present included staff, representatives from WAPAC, and other community people interested in Western Addition Area A-2. Of those present, ten people agreed to act as an interim board for a local development corporation. Briefings were provided for this group at 5:30 this past Thursday evening after which staff went to a meeting in the community at 7:30 to repeat the briefings on the proposed changes to the application and the role the local development corporation in the furtherance of the objectives and goals of this application. Mr. Hamilton indicated that Mrs. Mary Rogers of WAPAC had suggested that three people should be added to the number of persons identified as members of the interim board and that another meeting on the issues had been held this morning, and a community meeting to elicit interest in participation was being set up.

Mr. Hamilton indicated that subsequently to establishment of an interim board it had been learned that articles of incorporation had allegedly been processed and a different board apparently was formed and could be used to discuss the recommendations for the application. However, with respect to those people which had originally been considered as an interim board, these individuals and the other persons who have formed a local development corporation, additional discussion will be necessary. It is hoped that a corporate entity will emerge that is broadly representative. Mr. Hamilton requested Mr. Thomas Conrad, Chief, Planning and Programming, to comment on those technical issues related to the application.

Mr. Conrad came forward and indicated that basically major improvements would be made along Fillmore, Turk, Geary and Sutter Streets and also there would be street improvements on Eddy, Ellis, and O'Farrell Streets. Mr. Conrad indicated these amenities would include such items as street furniture, landscaping and trees. There would be bus stops and short-term on-street parking, but no long-term parking. A super-market is proposed for a site on Turk Street and he indicated on a map the proposed locations of housing on the west end, commercial and office space along Eddy and Fillmore Streets, and surface parking lots in the Fillmore Center with the option to accommodate parking in a structure if there is a sufficient demand for it. He noted with regard to the housing that there is a potential for the private sector to develop 52 townhouses on three locations and the possibility of a fourth location for those in the middle-income range and could possibly include some subsidized units, but this program has not been worked out. One subsidy approach would be to reduce the land costs to zero and pay HUD the disposition price that would otherwise be received from UDAG funds, and another approach would be a mortgage subsidy which could lower the sales price of these units to the \$50,000 to \$55,000 range. He indicated that Dr. Carlton Goodlett

NEW BUSINESS (continued)

had indicated an interest in developing the units proposed for the Fillmore and Steiner area. Mr. Conrad noted that the application had been reduced to \$5.9 million down from the original proposal of \$10.6 million.

Mr. Hamilton indicated that there had been some questions raised about certain aspects of the application and noted that on page 5, Items A through F, dealing with the development of the Fillmore Center, the name of a local development corporation had previously been listed but since this entity has not yet been determined, the application notes only that development will be done by such a corporation. Also, in response to an indication from HUD, this application is limited in textual content to those items related to Phase I of UDAG. The concept of a second phase is not dropped from the overall strategy but will be considered for submission during a future funding period. On Page 10 of Item 3 in the second paragraph, Mr. Hamilton again noted that the identity of the local development corporation had not been determined and that it would be subject to formal designation by the Commissioners and the sentence would now read "local nonprofit development corporation", which will develop the office space within the Fillmore Center. On page 11, a question developed as to the subsidizing of housing which cost over \$50,000 per unit. In the case of Dr. Goodlett's thirteen townhouses, he indicated that, although there is a unit cost of more than \$50,000, these have to be valued differently because the units have "mother-in-law apartments" included. The text will explain the cost differential so it will not appear to be so large. On page 20 of Item 2, it states:

"Participants were selected by the Agency staff through a review of certificate holders previously located on Fillmore Street, as well as an analysis of business entrepreneurs expressing interest in participating in the Fillmore Commercial Center."

Mr. Hamilton noted that this text had been changed to provide a description of how each participant would be selected by the Commissioners after a continuous screening and canvassing of certificate holders and others who had operated businesses in the area to be eligible to return. Mr. Hamilton noted it now read, "participants will be selected by the Agency from certificate holders previously in business on Fillmore Street", which he believed clearly provided that all such business people would be included in having an opportunity of returning.

President Wexler indicated that page 11 needed to be modified to reflect that any individuals identified as potential developers on page 20 were so identified as the result of an initial expression of interest on their part but developers would ultimately have to be selected under appropriate procedures by either the Agency or the local development corporation, and Mr. Hamilton agreed to this correction.

NEW BUSINESS (continued)

President Wexler inquired about the cost of housing mentioned earlier and asked if the 52 units come in at the lower market price of \$67,000 whether the Agency would reduce their cost to \$50,000 through subsidies provided by the UDAG funds, and Mr. Hamilton indicated that this was his understanding of the proposal. President Wexler noted that in the application there appeared to be an unexplained difference concerning incomes and asked if there had been a clarification of this matter. Mr. Hamilton responded that this had been revised in relation to page 14 which set out low and moderate incomes as less than \$11,600, middle income as between \$11,600 and \$17,400, and upper income as greater than \$17,400. President Wexler questioned the two parts of the upper income figures and expressed concern that it could appear that the upper income housing was being subsidized. Mr. Conrad indicated that there are two different sets of criteria and in looking at the money earned one considers a person's income and the other considers the income of a total family. Families of four making from \$20,000 to \$25,000 per year are about average in San Francisco. Mr. Conrad indicated that the confusion arises between the HUD requirement that income projections on jobs use the method of wages per person and not by family income where one or more persons may be working.

President Wexler inquired if there needed to be any changes made to clear up this possible confusion, and Mr. Conrad replied that a footnote could be inserted to clarify the matter. Ms. Blomquist agreed that there appeared to be a conflict and noted that it seems as though the Agency is subsidizing the land for upper income persons. President Wexler indicated he was not opposing proposals to provide housing for people in that income range, but wished to avoid any appearance of inconsistency. He believed that this did raise some question as to whether the Agency needs to subsidize for this income level and he was concerned that people not be misled who are reviewing the application. President Wexler indicated that if there were no objection, staff would clarify the related question of what can be done to prevent an immediate windfall to people who have purchased housing valued at \$67,000 and subsidized housing down to \$50,000 so that the purchaser could immediately sell and realize a large profit. Mr. Hamilton indicated that staff shared this concern and covenants necessary to prevent speculation would be included in sales documents for such units and these would specify a minimum period of time for turnover. There would need to be some input from economic consultants as to what protection was necessary and what legal mechanisms are needed to achieve this.

President Wexler inquired whether the Agency at this time had enough experience in Hunters Point market-rate housing in the same price range where the land was not subsidized to see if such housing would sell at the market rate. Mr. Hamilton replied that there appeared to be a market but the Hunters Point units had not yet been offered for

sale although there had been some preliminary interest. He also cautioned that experience in Hunters Point was not transferable to Western Addition A-2.

Mr. Conrad referred to page 11, Items 1 through 3, that indicated there are additional funding mechanisms being studied which could be used, including that provided by Senate Bill 99 which was still being formulated. He indicated that the Agency wanted to have flexibility in having UDAG money available for subsidies if supplemental funding programs were not available. President Wexler expressed his belief that the Agency needed to have all the tools on hand to make the Fillmore Center go.

Ms. Blomquist referred to page 11 regarding the 52 units shown as being designated for award to Nancy Lee Finley but which have not been designated by the Commissioners, and she questioned this statement and noted that others may be interested in the parcel. Mr. Hamilton indicated that this concern would be alleviated by the language requested by President Wexler which would clarify why the name was included, but this did not mean that there was an exclusive commitment to Ms. Finley. President Wexler confirmed this and noted that inclusion of Ms. Finley's name represents an expression of her interest as does that of Dr. Goodlett and that these names are included to show there was a commitment from the private sector. He indicated that with the local development corporation the staff would go through the appropriate procedures to select developers so that everyone has a chance to participate.

Ms. Blomquist referred to page 36, Item 8, which states that the Agency would undertake the following activity: "Own and operate all parking facilities within the Fillmore Commercial Center, in order to insure that parking space remains an integrated and flexible part of the shopping area." She inquired if the Agency could own such a facility and Mr. Hamilton indicated that there would be clarifying language put into the application which could provide for ownership through the local development corporation. Ms. Blomquist inquired if the owner of the Bird Cage Lounge was to be allowed to open another bar after having just been designated a property in Victorian Square and Mr. Hamilton indicated that this was the same person but that he did not plan on reestablishment of his former bar in the Victorian Square.

Mr. Hamilton indicated that there were several people in the audience and some who had participated in the meetings, including Mrs. Mary Rogers of the Western Addition Project Area Committee (WAPAC) who may wish to be heard at this point. Some of the people who had agreed to serve on the interim board of the local development corporation were also present.

Mrs. Mary Rogers of WAPAC came forward and indicated that on March 24, 1978, various individuals had been speaking about putting together a local development corporation and since that time there had been other

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discussion and meetings. She alleged that there were meetings held behind closed doors and she felt such matters should be discussed in public and that she did not wish to be on the board of any such corporation. She indicated she had tried to bring everyone together to discuss issues of concern to the community and believed that there should be a local development corporation to develop the Fillmore Center but to be successful it needed to have broad participation. She asked at what point the Agency had solicited formulation of a local development corporation and when did it decide to recognize one, because she did not believe this had been done. She indicated that she had attempted in a meeting held this morning to ask the interim board members to co-sponsor a community meeting Thursday so that business people who are not familiar with UDAG funding could have some input and knowledge about the proposed local development corporation. She recalled that in September there was an attempt to form a local development corporation and that a group had gone to Sacramento to file incorporation papers. Membership in such a corporation would be open. She indicated that the interim board had members who had not previously been seen in the community and she believed that now that there is an opportunity to make a profit these people are coming in and she suggested that nothing be done about forming the local development corporation until a community meeting could be held the following Thursday evening.

Mrs. Rogers indicated that she had some questions regarding the parking lots and inquired why it was not possible to have underground parking. She alleged that surface parking did not seem in the best interests of the community. She believed the answers to these and other questions needed to be responded to before the application was sent to the Board of Supervisors.

President Wexler indicated that for the record, the Commissioners had not acted upon appointment of a local development corporation and that the purpose of the Commission at this time was to consider the application as revised and to take any comments and answer any questions that may be forthcoming. Mr. Hamilton indicated the proposal for a community meeting deals objectively with the question of formulation of a local development corporation. He indicated that Mrs. Rogers had proposed that this meeting be held and the meeting place will be established and that information broadly published. He indicated it was not the desire nor intent of the Agency to select members of a local development corporation but believed that it should be formed and be broadly representative to include those interested in participating and should have the support of the community.

Mrs. Rogers referred to page 10, Item 3, paragraph two, which states that the local nonprofit development corporation will be the developer of the commercial and office space within the Fillmore Center and she inquired when the Commissioners planned to approve this corporation. President Wexler reiterated that the Commissioners were there to listen

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to suggestions and consider changes proposed by staff and that the clarifying language would clearly indicate that there is not a commitment to any particular local development corporation. Mr. Hamilton confirmed that the corporation would be subject to formal designation by the Commissioners and that he had asked Mrs. Rogers to submit names of those she believed should serve on the interim board since the Agency was dissatisfied about a permanent board. President Wexler reaffirmed that the Commissioners were now being asked to consider the concept of a local development corporation and then at some later date, an individual corporation would be designated from those candidates submitted and that the corporation with the Agency would carry out development of the project.

Mrs. Rogers indicated that she understood the concept used to apply for funds, but in a meeting that took place in the Mayor's office on March 21, 1978, discussions ensued concerning the UDAG application and also other funds she believed were committed from the Economic Development Administration. She recalled that the Agency had authorized that a study be done of the Fillmore Center by Emory Curtis & Associates but alleged that implementation of its recommendations had been placed on the back burner. She also indicated that the Curtis report recommended starting at one end of the project and now it is proposed that work begin at the other end. She deplored the loss of \$2 million in EDA grants to help the development of the shopping center and that there should have been a corporation to use these funds. She insisted that black business people be taken care of first and that people in the local development corporation should live in Western Addition A-2. She indicated that the corporation people did not want to work with WAPAC people and she stressed her belief that nothing would be done unless WAPAC were included and cited the inability of the Pyramid Development Corporation to proceed. She also believed that people on the local development corporation board would ask for development money and this would be a conflict of interest.

President Wexler indicated that the Commissioners had played no role whatsoever in attempting to select any members on any local community development board. He indicated that staff would be in contact with any interested persons to facilitate that process and at this time the Commissioners were uninvolved and could make no selections.

Mrs. Rogers suggested that the staff should find time to help WAPAC rather than meet with people who had never worked in the area and expressed her belief that the land should be put into trust similar to that of the Nihonmachi. She claimed that everyone should be treated the same and urged that the Agency help the Fillmore people as they had aided the Nihonmachi people instead of informing them they had to be competitive. She claimed that now the Agency did not want to use the Curtis and Associates' plan to put together the local development corporation.

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Mr. Arnold Townsend of WAPAC came forward and indicated it appeared there were two development corporations, one formed by three individuals and one resulting from Mr. Haile's meeting. He commented that Curtis and Associates had forwarded a memorandum on the history and background of what WAPAC would have to do to get a local development corporation established to receive EDA funds had never formally been accomplished. He believed that Hugh Taylor of EDA had made a commitment for the Fillmore Center which was similar to the UDAG proposal. The \$2 million EDA grant required \$2 million in matching funds but there was no effort spent by the Agency to put the application together, so nothing had happened. He noted that the Agency wanted the local development corporation to have a broad board which he believed it would have, but WAPAC believed that the community should be on the board and involved with financial institutions in development of the Fillmore. Mr. Townsend also commented that \$16,000 remained unreleased in the Curtis and Associates contract. Mr. Townsend was disillusioned because the Agency staff had not pursued the EDA grant because it wanted to proceed with UDAG and be the developer so there would be no need for a development corporation. He noted that Mr. Taylor had requested a meeting in the Mayor's office which was attended by Carl Williams, Executive Director, Mayor's Office of Community Development; Hugh Taylor; Earl Mills; Redmond Kernan; President Wexler; Mary Rogers; and himself where the EDA grant was discussed and Mr. Taylor was concerned about the need for a local development corporation and believed that it should be put together first. He indicated that to get broad representation WAPAC could submit a list of names as could Mrs. Ella Hutch from the Board of Supervisors and the Agency for people who could participate in the corporation, and he believed the local development corporation was necessary. He claimed there was an attempt to disinvolve WAPAC which was evidenced by inviting WAPAC to meetings on formulation of the local development corporation. Mr. Townsend also indicated that WAPAC should get the incorporation papers to Sacramento so that a board could be selected as soon as possible since he believed the \$2 million EDA grant was lost already and he wanted to get development started in the Fillmore Center. He indicated that WAPAC has tried to form a local development corporation since August 23, 1977, when Mr. Taylor mentioned this possibility. He claimed that materials had been prepared on December 14, 1977 concerning the EDA grant but there was no follow-up and that WAPAC had been called obstructionists which he believed was unfair. He believed that more input was needed on the local development corporation and it should be put together properly. He also believed that the plan to use two blocks of land for parking was a poor use of the land and suggested a parking structure should be built with shape. He deplored the fact that there were many blocks which created a blank spot on Fillmore Street and noted the need to create commercial activity from the Victorian Square to the Geary shopping area.

President Wexler indicated that the Commissioners were considering the revised application and if approved as modified would be transmitted

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to the Board of Supervisors in time for its Finance Committee to consider before starting the budget hearings. It could then be approved by the Board of Supervisors. Mr. Townsend indicated his understanding that underground parking would cost \$30,000 per stall and above-ground would be \$8,000 per stall, but he still believed it should be structured with ground floor commercial. He indicated that there was some suggestion that EDA could work together with UDAG but believed it appeared that there was not much chance EDA would put money into the Fillmore Center. In response to President Wexler's inquiry, Mr. Hamilton indicated that Mr. Taylor's view that the Agency had to choose between using EDA or UDAG funds had been corrected and that he now understood one funding mechanism could be used to supplement the other.

Mr. Wade Woods of WAPAC came forward and indicated that he was the person who had filed for the articles of incorporation at Mr. Townsend's suggestion. He claimed that out of 605,076 square feet of commercial space only 58,250 square feet, or .97 percent, was available for minority commercial use. President Wexler indicated that there was nothing like 605,076 square feet and that all of the land in the area was not proposed for commercial development. He inquired how much land was set aside for non-minority use, and Mr. Conrad indicated no commitment for space had been made for either minority or non-minority enterprises. He indicated that the UDAG application concerned a first phase and it appears that Mr. Woods was using all of the entire area in his figures. He stressed that there was nothing to preclude minority participation and every effort would be made to encourage such development.

Mr. Glickman commented that Mr. Woods had claimed that 58,000 square feet of space was for minority business and he asked how much was available in Phase I for commercial development. Mr. Conrad replied there was a total of 88,000 square feet available for commercial use. Mr. Woods indicated more could have been set aside. Mr. Glickman indicated that the statistics used by Mr. Woods did not make sense because this proposal was only dealing with the few blocks and not the entire Fillmore area. Mr. Townsend indicated that the only land for minority people is the land set aside in the UDAG proposal and it cannot be assumed that the developer will be a minority developer. Mr. Woods indicated that the housing situation was critical and that the black population has declined rapidly in the area so there should be an effort to stabilize this to prevent urban renewal becoming black removal. He believed housing should be built which would bring people back into the community.

Mr. Nat Mason of the Martin Luther King Corporation, Inc., came forward and indicated that this cooperative units were only two blocks away at Turk, Ellis, Steiner and Pierce Streets and he was concerned about the development that was going in next to this housing. He

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He indicated there were 211 units in the \$4 million co-op which would house people who were previous residents in the Western Addition. He had been in the area for 21 years and has seen all the small shops disappear. He expressed concern that there were only two markets and people had to leave the area to shop and he believed that installation of large parking lots would create problems. He believed there was no guarantee that people would shop in the area and he believed that there should be no surface parking. He was concerned that the anchor tenant would be another drug store and indicated there were already thirteen in the immediate area. He indicated that he believed he should express his concerns but that he would work with the Agency and the Mayor's office to make the area a better quality place to live; however, he believed there should be more information available to people on proposals for development.

President Wexler inquired of Mr. Mason if his corporation would take a position in regard to this UDAG application since he was Chairman of the Board, and Mr. Mason replied that there had been inadequate time to understand the application; however, whatever position he took would be one that would have the most benefits for the people, even though there has been an eleven-year wait for a plan to come through. President Wexler noted that there was an element of urgency since the Board of Supervisors had to have the UDAG application before Wednesday and Mr. Carl Williams of the Mayor's office concurred in this statement. Mr. Mason indicated that he thought everyone could work together to obtain funds this year since they may not be available next year and the application should go forward now but not if the people did not want the UDAG money. Mr. Mason indicated that if the application goes forward now, it should have the consensus of the people to be served. He believed that the Agency should proceed to obtain the funding and let the two groups cooperate so the money could be put to the best use.

Ms. Shelley asked if it were the intention of the Agency to have a drug store as the anchor tenant or a super drug store. Mr. Hamilton indicated that this was considered as a use in the second phase of the UDAG application and was also referred to in the Curtis and Associates report. Mr. Mason expressed concern that the parking was bad since it represented a temptation for youths to steal if it were in the open lots.

Mr. Hamilton indicated that there were members of the interim local development corporation present and asked if they wished to comment.

Mr. Earl Gage came forward and indicated that he had been present at the discussions on formulation of the local development corporation but was confused and did not want to say anything at this time. Mr. Hamilton commented on the EDA application, noting that such an application should be considered on its own merit and that there

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should be more concern about moving such an application forward. He indicated that Mrs. Rogers had requested that three people be placed on the interim board and had subsequently learned that these were the same people proposed to serve as the board members for the other local development corporation. These persons are Messrs. Cobert, Woods and Mrs. McPherson.

Ms. Blomquist indicated her understanding of the sense of frustration which people experienced who had been working for a long time to develop the Fillmore and she hoped staff would not place road blocks but would help them achieve their goals.

President Wexler noted that there had been several inquiries about the amount of surface parking required and the cost as opposed to structure parking. He asked staff to elaborate on these aspects and he also inquired what volume of surface parking was required.

Mr. Hamilton responded that the amount of parking to be designated results from land management rather than land use. It is partially an interim use in anticipation of future development and the belief that businesses are better complemented by a finished parking area than unimproved areas.

Mr. Conrad indicated that future studies would ascertain the demand for various kinds of uses, whether it be office space, commercial uses, or supermarkets. The parking area allocated in the application was based on a standard one parking space for 400 square feet of office space and one parking space for each 200 square feet of commercial space. The exception is supermarkets, which need three square feet for each square foot of leasable commercial space but they can go down to two square feet if necessary. President Wexler again inquired about the cost differential between the two, and Mr. Lewis Arnold, Jr., Director of Development, responded that the normal cost of surface parking space was \$2,000 to \$3,000 a space and an elevated structure would increase that cost to approximately \$5,000 to \$6,000 per space. Subterranean garages are even more costly and would cost \$9,000 to \$10,000 depending on the type of structure. Mr. Hamilton inquired about the feasibility of structured parking which also would include space for commercial use, and Mr. Arnold responded that this has not yet been analyzed. He indicated that the Agency was trying to get the maximum leasable commercial space for the money that is being sought. He indicated there were many examples in San Francisco where there was a parking structure either above or below ground combined with commercial space but the value of the land was such that this was economically feasible. He pointed out that security is a problem in garages and a subterranean parking area was one which presented the greatest security problem and unless it was perceived as secure people would not park there to shop. President Wexler inquired if one reason for including parking in Phase I of the UDAG application was to make the surrounding vacant land complementary to the Phase I development and if the parking were not put in there whether consideration had been given to "land banking" the area. Mr. Hamilton answered affirmatively and noted that additional dollars for landscaping would be included in a second phase of a UDAG application.

Ms. Shelley indicated one of the speakers had indicated concern about surface parking, particularly that it could become a nuisance by offering an

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opportunity for theft and inquired whose responsibility it was to provide security of the parking areas. Mr. Hamilton responded that the local development corporation would have responsibility.

President Wexler inquired about the basis for beginning development of the area in the south or the north end, since the Curtis & Associates' report recommended beginning in the north, and staff had recommended starting in the south.

Mr. Conrad commented on the question of parking, noting that the land in the central blocks designated for parking was more than sufficient to meet the parking needs for office and commercial spaces in Phases I and II and that the locations do not have to be surface parking. He indicated that there was \$75,000 allotted for temporary landscaping of the parking areas and to clean up and beautify the area in Phase I. On the issue of where to begin development using UDAG funds, staff believed that because the Buchanan Street Nihonmachi Mall area provided an economically viable magnet and this would create a magnet to the south and private developers would fill in between the two areas. He noted that over 12,000 cars used Turk Street daily and that there were additional people brought into the area by public transportation on Eddy and Fillmore Streets, so the strategy was to entice people to shop in the area on their way home.

President Wexler commented then that it appeared to be better to start publicly-aided development in the south and provide an anchor for development that private developers would then link to the development in the north. Mr. Conrad answered affirmatively. Mr. Arnold indicated that in discussing the arrangement with various owners of supermarket operations they were given the alternative of other sites and they all agreed this was the best site because of the traffic and location of new development in the Western Addition A-2 area. He noted that both Turk and Eddy Streets were outbound but Geary was too confusing from narrow access streets and the narrow corridor to get into the area. The public transportation is close to the bulk of residential development already built in Western Addition A-2. Mr. Arnold indicated that the first phase was the key element and that he had asked Mr. Emory Curtis about his suggestions for a supermarket location and no recommendation was made except that 30,000 square feet was needed.

Mr. Woods came forward and indicated that it was his understanding that the decision to start in the south was because it was expected EDA money would be used to do the north end first. Mr. Hamilton indicated this could have been a possibility and in the preliminary plan the location of a commercial building with EDA funds was located at the north. He indicated that it was a matter of economics and that it was staff recommendation that the UDAG money should be used in the most difficult and least attractive area to develop rather than in an area already made more attractive by virtue of its location. Mr. Woods inquired if there was a need to use project funds to subsidize housing developments if these funds could not also be used for commercial development, and Mr. Hamilton

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replied that this was not yet determined but this was part of the evaluation the Agency would ask from an urban design consultant. President Wexler indicated that subsidies for housing would be provided if needed and if there was no need then the money could be expended in the other areas of need. Mr. Hamilton confirm that this was also his understanding.

Mr. Hamilton asked for clarification on WAPAC's position on housing and Mr. Townsend indicated the organization supported the concept of housing but at the time there was no specific developer or proposal to respond to. He indicated his hope that there would be a nonprofit development corporation. He noted that with regard to a supermarket, there was already a Foodland and Lucky store in the area and he inquired how this would affect these stores. He indicated that Safeway already owned land on Fillmore Street so that the prospect of bringing in another supermarket as an anchor tenant was shaky. He also indicated that there would be parking for the supermarket on Steiner Street screened from Fillmore Street. He believed that construction of housing by a development corporation would be a good idea. President Wexler indicated that this concept would be evaluated and the application would permit it but such a decision was not definite yet. Mr. Townsend indicated that at the WAPAC Planning and Development meeting, there was discussion about the activity generated each time parcels were offered for housing development from some private developers. He thought it would not be necessary to use public money for housing but believed that it should be expended in the commercial area because there was not this interest for commercial development. President Wexler indicated that the matter would be studied carefully.

Ms. Berk indicated that on pages 10 and 11 of the application under the section entitled "Proposed Use Of UDAG Funds", the local nonprofit development corporation was referred to as an entity, and she expressed concern that there be any implication of recognition of any local development corporation because she believed this should be subject to approval of the Agency. President Wexler responded that the amended language would clear up this point. Ms. Berk commended Mrs. Rogers for bringing many issues into focus. She asked if any of the proposed local development corporation was only an interim body or could it be locked into a permanent board and Mr. Hamilton responded that the Commissioners were only approving the concept of a private development through use of a local nonprofit development corporation and the designation of that corporation was subject to the formal approval of the Agency after full discussions have taken place. Mr. Glickman indicated that the wording "local development corporation" was being changed to "local nonprofit development corporation" in lower case, and President Wexler indicated that Fillmore Center, Inc. would be deleted with the above substitution. Ms. Shelley asked if the interim local development corporation referred to the board which had papers of incorporation which the Commissioners had not seen, and Mr. Hamilton responded that the Fillmore Community Economic Development Corporation (FCEDC) is not referred to nor is any other corporation.

President Wexler indicated that all the individuals referred to as developers would have a statement making it clear that developer selection is subject to the Commissioners' approval at a later date. Ms. Berk asked

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if there would be any involvement with an interim local development corporation structure, and Mr. Hamilton indicated that he was not yet sure whether an interim board would be necessary or not. President Wexler indicated that there may be no local development corporation being designated by name; however, a particular local development corporation could be designated, but not prior to submittal of the application to the Board of Supervisors. If HUD provides money for the UDAG application, then the local development corporation would have to be formed. Mr. Hamilton indicated that the Board would consider the application within a week from today but he did not know what events would occur at the community meeting on Thursday and it may be possible to have a local development corporation formed before HUD acted upon the application. President Wexler indicated that the Commissioners were not in a position to determine any local development corporation.

Mr. Lee referred to page 11 where, in the second paragraph, it states that the cost of a moderate-income home could be reduced from \$67,000 to \$50,000 through the use of UDAG subsidies of the land portion in development of housing produced by the private sector. Then on page 14 it states that HUD makes the determination that in the Western Addition Area A-2 the moderate income is considered \$8,904 to \$9,360 which seems to preclude anyone from Western Addition A-2 from buying in the area, because in the paragraph on page 11 it indicated further that UDAG financing would make the homes available to families with approximately \$20,000 to \$25,000 annual income.

Mr. Conrad responded that this was a problem of interpreting numbers and that the housing contemplated is to be available to families in the middle-income range of a total income of \$20,000 to \$25,000. That is considered a middle income for a family of four. On page 14 the figures represent a median income per capita and not a household. There is no intent to preclude existing residents from being able to afford buying those homes.

Ms. Blomquist indicated that Mr. Conrad had mentioned the good public transportation along Eddy and the Turk Street area. She indicated she did not know of any center city where so much parking was provided and compared it to a suburban area shopping center. She also questioned Mr. Emory Curtis why the development would go from north to south. Mr. Emory Curtis responded that the reason was the whole area needed to be thought of and presently there was a break between Bush and Geary along Fillmore Street in the Western Addition Area A-1 and one whole block fronting on Fillmore is a parking garage. The merchants in the Fillmore-O'Farrell area have been there a long time and there is a moral commitment to provide them support as well as the Victorian Square area which is not large enough to be a mass in itself and should be filled out along the blocks on O'Farrell Street. The merchants need more foot traffic and the Agency should work with the merchants who are already there. He believed that EDA would supply funds without a prior binding commitment for the local share of the money and in his opinion

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this would be the way to proceed. He believed it would be difficult to push marketing in the southern part of the area.

MOTION: It was moved by Mr. Glickman and seconded by Mr. Lee that the UDAG application be approved subject to the conditions and changes suggested for development in the Fillmore Center, Western Addition A-2.

President Wexler indicated that the revisions would be made to the revised application in accordance with the request made today after which the application would be submitted to the Board of Supervisors' Finance Committee. Mr. Hamilton answered affirmatively and noted that these would be completed by noon tomorrow and given to Mr. Carl Williams of the Mayor's office. Mr. Williams indicated this needed to be done no later than noon tomorrow and he commended the Agency for the good job that was done in listening to the community. He expressed the hope that the Finance Committee would go forward with the application since it was the best that could be done under the circumstances, and he promised to do everything he could to see that it was approved. He believed that the formation of the local community development corporation could be left to the community and as far as the amendments to the application were concerned, they could be made for some time as HUD would take amendments into account.

MOTION: It was moved by Mr. Glickman and seconded by Mr. Lee that the UDAG application be approved subject to the conditions and changes for development in the Fillmore Center, Western Addition A-2, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Ms. Blomquist
Mr. Glickman
Mr. Lee
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

None

The President thereupon declared that the motion carried.

At this time, Mr. Glickman left the meeting at 8:15 p.m.

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President Wexler indicated that the meeting would recess at 8:15 p.m. and then reconvene fifteen minutes. The meeting reconvened at 8:30 p.m.

- (b) Resolution No. 78-78 approving form of agreement with Shapiro, Hom & Associates for personal services in connection with structural and related engineering services and authorizing execution thereof, all project areas.

This represents a two-year contract for structural and related engineering services with the firm of Shapiro, Okino, Hom & Associates not to exceed \$50,000. The firm has previously provided satisfactory service for the Agency and is familiar with the Agency's program. It will provide engineering services and drawings necessary to accomplish the moving of eight buildings and rehabilitation of twenty others. Ms. Blomquist inquired how this would be handled if there was not such a contract and Mr. Hamilton replied it would have to be contracted on an individual basis for each building and this would be difficult to administer.

President Wexler asked the identity of the eight structures to be moved, and Mr. William McClure, Director of Rehabilitation, and Mr. Gene Suttle, Area Director, responded these were as follows: 2011 Bush, 1844 Buchanan, 1822 Buchanan, 1759 Sutter, 1838 Buchanan, 1421 Webster, 1365 Eddy and 221 Larch Streets. Mr. Suttle indicated these would go to various locations in the area around Post, Gough, Divisadero, Ellis, Scott, and O'Farrell Streets. President Wexler asked if these particular structural engineers needed to be doing preparatory work prior to award of the moving contracts, and Mr. McClure responded that it was necessary to complete certain preliminary work in order for the Agency to go out to bid for such a move. The Bureau of Building Inspection would not permit any moves until there were drawings sufficient to obtain a rehabilitation permit. President Wexler inquired if there was a need to allocate these funds prior to the time the Commissioners had received a memorandum outlining where the buildings were to be moved and if there would be an opportunity to approve in principle that these moves were to take place before entering into an agreement to provide money for individual moves. Mr. Hamilton responded that a memorandum could be prepared for immediate transmittal to the Commissioners. This contract, therefore, needed to be approved before any money would be spent on building moves. President Wexler inquired about the result if the Commissioners determined that they did not wish to see these buildings moved and had already entered into a \$50,000 contract and asked if a week's delay or more would give sufficient time to obtain more information on the proposed building moves. Mr. McClure responded that the housing moves are only a small part of the services provided under the contract since it also served property owners who wished to rehabilitate their properties and the structural engineering services are needed to assist them. The majority of services are for these properties. President Wexler asked if Mr. McClure had any idea about the cost, and he replied that it depended upon each individual building and its condition, as well as change of occupancy or use of the building. President Wexler asked how costs were broken down, and Mr. McClure responded that an estimated cost could be based on the cost incurred in providing structural engineering work for the last six buildings that were moved. President Wexler inquired if the contract was needed even without the buildings being moved. Mr. Hamilton answered affirmatively because the contract provided other services. Mr. McClure indicated that the average cost of structural engineering work was between \$600 to \$1,000 for buildings to be moved and \$40,000 for rehabilitating the buildings. President Wexler inquired if any action had been taken on these buildings, and Mr. McClure answered they were designated for retention and

NEW BUSINESS (continued)

rehabilitation in the Redevelopment Plan and most of them were under private ownership and the Agency would approve an owner-participation agreement. He indicated that this is part of the service provided by the Agency to owner-participants and the Agency contacts various City Departments and provides estimates to the owners on any repairs needed, and President Wexler concluded that the funds were needed for services other than the building moves.

Mr. Lee indicated that Mr. McClure had mentioned earlier about rehabilitating buildings and changing the uses, and Mr. McClure responded that was true, which made it possible that seismic work is required. Mr. Lee asked if any project area buildings had been changed in that way, and Mr. McClure replied that some of those which had been moved had been changed.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted.

- (c) Resolution No. 84-78 approving and authorizing the Executive Director to execute four interdepartmental work orders to the City and County of San Francisco for the review of plans and specifications on various construction projects within the Hunters Point, India Basin Industrial Park, Western Addition, and Yerba Buena Center Approved Redevelopment Project Areas.

This item concerns four work orders with the Department of Public Works for review of plans and specifications for construction contracts in the above-mentioned projects, such review being a requirement of the City. This action permits payment for City staff time used in making the review and shall not exceed \$9,000.

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

- (d) Consideration of extension of bids for 330, 340, 350, and 360 Grove Street, Demolition Contract No. 71, Western Addition Project Area A-2.

This represents a rejection of all bids for Demolition Contract No. 71 for clearance of buildings on the site of the Performing Arts Center garage because the contractors could not obtain bid bonds for continuing bids as anticipated. Also involved is an authorization to readvertise for bids for clearance of the site. Substantial construction is already under way on the Center.

MOTION: It was moved by Ms. Blomquist that all bids be rejected and that advertisement of the bids be tabled.

President Wexler suggested making two separate motions because there were two separate issues of rejecting bids and the question of readvertising for new bids. Mr. Hamilton indicated that there was another alternative since the bid bonds had expired and further bonding could not be obtained. He suggested exploring the matter with the Agency General Counsel whereby the Commissioners could waive the bid bond requirement and extend the contract time without a bid guarantee. Agency Attorney David Oster responded that there was no legal requirement that a bid bond was necessary; however, without it the Agency would be left with a situation that gave no assurances that the low bidder would perform when the Agency was ready to go forward.

NEW BUSINESS (continued)

President Wexler inquired about the legal liability in a situation where only two of the bidders had agreed to extend their bids. Ms. Shelley inquired about the need to take any formal action to reject the bids if the bids had already expired. Mr. Oster replied it was his understanding that there had been an invitation to various bidders to renew their bids and it was only in lieu of extension of the bid bonds that rejection had been considered. Some bidders had offered their bids without a bid bond and that in taking no action the Agency would be in a position of accepting those who had agreed to extend their bids for thirty days.

President Wexler indicated that there may be trouble from a legal standpoint if the Agency requires the contractors to hold their bids and the time expires and the Agency takes no action. The low bidder may sue, claiming the Agency did not act and that his firm is entitled to do the work. It was his feeling that all bids should be rejected or all should be extended. Ms. Blomquist suggested rejection of all bids. Mrs. Rogers indicated her belief that the Commissioners had moved that no bids be let near the Performing Arts Center, but President Wexler indicated that the Commissioners' action was that bids would be solicited but no contract award would be made until construction began on the Center, which has already happened. The City may now desire or may not want to proceed with the garage at that location and the Agency did not wish to see housing demolished if there was not to be a Performing Arts Center or garage. Mrs. Rogers urged that the bids not be solicited. Ms. Shelley commented that Mrs. Rogers had spoken in favor of rejecting all bids and had opposed rebidding this demolition contract and Mrs. Rogers concurred, adding that she believed there were issues that should first be resolved before proceeding. President Wexler asked if the representatives from the Performing Arts Center and others had been notified regarding the fact that this item would be calendared today, and Mr. Hamilton responded that it was his belief they had not been notified. Because the item was in connection with rejection and rebidding and not in regard to a demolition approval, these people had not been advised. He asked if staff could comment on the proposal to delay, and Mr. Redmond Kernan, Deputy Executive Director, responded that the bids had not yet been extended by the Commissioners and were due to expire today unless the Commissioners acted to extend them. He also noted that liability for extended bids was not as likely in view of the fact that the low bidder was one of the two bidders who had agreed to an extension of his bid.

Ms. Blomquist indicated her understanding that there had to be authority to extend contracts and Mr. Kernan explained that the staff had been exploring to see whether the bidders were willing to extend their bids first and that would take an action from the Commissioners which would have to be today because of the bid expirations at the close of the day. Two of the bidders were willing to do this and one was the low bidder and the practice is that if the low bidder is willing then an extension would be granted. The low bidder, however, has a problem with his bid bond and agreed to a thirty-day extension without it. This extension would delay the matter past the May 1, 1978 date of the opening of bids on the Van Ness parcel and the Board of Supervisors' consideration. Ms. Shelley inquired what risks were involved in granting an extension without a bid bond, and Mr. Oster responded that there were no assurances the low bidder would proceed with the work, since the bond is to insure he would commence the work.

MOTION: It was moved by Ms. Blomquist and seconded by Mr. Lee that the bids for Demolition Contract No. 71, Western Addition Project Area A-2, be rejected.

NEW BUSINESS (continued)

Mr. Hamilton indicated that there were a number of people who may be interested in this item and he suggested an extension which would cause no exposure to the Agency. Mrs. Rogers inquired what time would the bids expire, 5:00 p.m. or midnight, and admitted confusion about the deadline for bids. Mr. Kernan responded that if the contract states bids would expire at the end of the day and if 5:00 p.m. is the end of the day that is when they would expire but if it states at the close of business and business is still continuing then they have not yet expired. President Wexler inquired if the bids were rejected and the question of new bids was put over one week whether the situation would have been altered since it delayed the matter only one week and he inquired how long before it was necessary to have new bids. Mr. Hamilton responded it would be within three weeks, or May 1, 1978. President Wexler entertained a motion to reject all bids.

MOTION: It was moved by Ms. Blomquist and seconded by Mr. Lee that the bids for Demolition Contract No. 71, Western Addition Project Area A-2, be rejected, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Ms. Blomquist
Mr. Lee
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

None

The President thereupon declared that the motion carried.

President Wexler indicated he would entertain a second motion concerning the question of readvertisement of the bids.

MOTION: It was moved by Ms. Blomquist and seconded by Ms. Shelley that the question of readvertising bids be tabled until the Board of Supervisors had acted definitively regarding the Performing Arts Center garage lease, Western Addition Approved Redevelopment Project Area A-2.

President Wexler asked for clarification of the matter being considered by the Board of Supervisors and Mr. Hamilton indicated that the final item requiring approval of the Board of Supervisors was calendared for its consideration. This involved approval of the project lease for the garage. President Wexler questioned any definitive action being taken at this time, and Mr. Hamilton indicated that there were a number of people concerned with this action who may wish to address the Commissioners on the issue and they may wish to be advised of this action. President Wexler indicated he would vote against the item at this time and vote to continue it one week to April 18, 1978 so everyone could be heard on the proposed motion. Ms. Blomquist indicated her belief that the matter had been bid and it did not appear that it would be resolved. President Wexler indicated his belief that it would be more

NEW BUSINESS (continued)

appropriate before taking action to put the matter over until the Board of Supervisors had reached its conclusions and all interested parties had been notified. Ms. Shelley indicated that the tentative agenda had referred to consideration of an extension of bids and President Wexler indicated that this was one aspect of that consideration. President Wexler indicated his belief that Ms. Blomquist's motion should be considered at a future meeting. Ms. Shelley indicated she had no objections to delaying action.

MOTION: It was moved by Ms. Blomquist and seconded by Ms. Shelley that readvertising of the bids for the 330 340, 350 and 360 Grove Street garage be tabled until the matter of the proposed project lease and documents pertaining to the issuance of the lease revenue bonds for the Performing Arts Center is definitively acted upon by the Board of Supervisors.

Mr. Oster commented that it could be construed that the Commissioners were only to consider extension of the bids. President Wexler indicated that once the matter is noticed it would not necessarily mean that this was the way the Commissioners would act on the item. He indicated that it was a policy matter not a legal requirement.

Ms. Berk asked if the Board of Supervisors proceeded on the assumption that the site was available to them and President Wexler answered affirmatively and noted that the Parking Authority is the designated developer of the site. He believed they should be permitted to appear and make any comments. Mr. Lee asked for clarification and President Wexler explained that there is a motion to table for consideration of the item regarding action on readvertising the bids until the Board of Supervisors have acted definitively on the project lease.

MOTION: It was moved by Ms. Blomquist and seconded by Mr. Lee that the bids for Demolition Contract No. 71, Western Addition Project Area A-2, be rejected, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Mr. Blomquist
Mr. Lee

and the following voted "Nay":

Mr. Wexler

and the following abstained:

None

The President thereupon declared that the motion carried.

- (e) Resolution No. 86-78 approving and authorizing the Executive Director to rescind the previous agreement and to authorize and execute a new agreement with the Pacific Gas & Electric Company for a gas distribution system, India Basin Industrial Park Approved Redevelopment Project Area, R-III.

This represents rescindment of an agreement with the Pacific Gas & Electric

NEW BUSINESS (continued)

Company authorized on April 5, 1977 which provided that the Agency pay a non-refundable amount of \$23,471 for extension of gas mains in the Mendell and Newhall Streets area in the India Basin Industrial Park project. It was the belief of staff that the funds should be refunded on the basis of connections made and accordingly a complaint was filed with the Public Utilities Commission by the Agency. The Pacific Gas & Electric Company conceded the issue and has proposed a new agreement which will cancel and supersede the previous gas agreement thereby providing that \$7,740 cost of ownership fund is to be returned to the Agency upon execution of the agreement and that the remaining \$15,731 construction cost is to be refunded as gas load is connected to the system. Ms. Blomquist commended the staff on its perusal of the matter.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

(f) Consideration of purchase of two automobiles.

Mr. Hamilton indicated that this item concerned the purchase of two compact vehicles which will begin the process of replacing the Agency's aging automobiles with compacts because the cost of maintenance has become excessive as was reported during consideration of the Agency's 1978 budget. The cars to be purchased are on the basis of low bid received from the David Varner Chevrolet Company at \$4,369 each, or \$8,738, plus tax.

Ms. Blomquist indicated her belief that this was an extravagant use of the taxpayer's money when 200 people were using forty vehicles. She suggested placing this item under the issues examined by the procedural audit. President Wexler inquired what vehicle was being replaced, and Mr. Hamilton responded that one station wagon had reached the point where it was uneconomical to repair it. Mr. Suttle indicated that there was generally one car for the entire site office because most were under repair or constantly in use. Mr. Lee inquired what the average current mileage was and Mr. Suttle replied it was from 65,000 to 75,000 miles on each vehicle which was too much for the old cars driven continually by different drivers and which were always breaking down. Mrs. Rogers indicated she was in favor of purchasing the cars since the relocation staff had to transport people and provide other services to them using the cars. Ms. Shirley Wysinger, representing Local 400, indicated that with proper maintenance the cars would not have been a problem. Mr. Earl Mills, Deputy Executive Director for Community Services, indicated his experience as Area Director of Hunters Point when he had had the same problems as Mr. Suttle with providing functioning vehicles for his staff and he had maintained close supervision of the cars but this was difficult because people had attempted to hide any defects so they would not be blamed for causing them. He indicated there were so many people driving them it was difficult to keep the cars in running condition and that this responsibility was delegated to the site office property management directors.

MOTION: It was moved by Mr. Lee and seconded by Ms. Shelley that two new automobiles be purchased for use of Agency staff, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Mr. Lee
Mr. Wexler

NEW BUSINESS (continued)

and the following voted "Nay":

Ms. Blomquist

and the following abstained:


None

The President thereupon declared that the motion carried.

ADJOURNMENT

It was moved by Ms. Shelley, seconded by Ms. Blomquist, and unanimously carried that the meeting be adjourned. The meeting adjourned at 9:40 p.m.

Respectfully submitted,


Helen L. Sause
Secretary

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MINUTES OF A SPECIAL MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
11TH DAY OF APRIL, 1978

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The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a special meeting at 939 Ellis Street in the City of San Francisco, California, at 4:10 o'clock p.m. on the 11th day of April, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Dian Blomquist
Rubin Glickman
Melvin D. Lee

SEP 11 1978

and the following were absent:

DOCUMENTS DEPT.
S.F. PUBLIC LIBRARY

Dr. Hannibal A. Williams

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Commissioners Rosenblatt, Bierman, Starbuck and Carey, as well as Secretary Woods and Planning Director Okamoto of the San Francisco Planning Commission; Mr. Chester Hartman, Mr. Mike Davis and Mr. Victor Honig of the Citizens Committee on Yerba Buena Center; Dr. Selina Bendix, Environmental Review Office of the City Planning Department; Keith Davis and Ted Frazier, San Francisco Coalition; Mr. Richard Sklar, Director of Projects, Mayor's Office; Mr. Robert Kenealey, Assistant Chief Deputy City Attorney; and Nancy McKay and Charles Walker, interested citizens.

In response to President Wexler's request, the Redevelopment Agency Secretary stated that the purpose of the special meeting of the San Francisco Redevelopment Agency was to participate in the joint public meeting continued from March 23, 1978, with the San Francisco Planning Commission to consider the certification of the proposed Final EIR for Yerba Buena Center. President Wexler indicated that in addition to and in conjunction with the continued joint public meeting the Agency will hold a joint public hearing with the San Francisco City Planning Commission to receive public testimony on certain portions of the proposed EIR. President Wexler indicated that it had been brought to his attention that the April 7, 1978 call of the Agency for a special meeting and joint public hearing was surplusage. He noted that subject to the objection of any Commissioner, he would open this surplus meeting, specifically the one called April 7, 1978, and consolidate it with the continued special meeting until the conclusion of the proceedings, at which time that meeting would be adjourned. Only the surplus meeting would be adjourned at that time since the special meeting was to be continued to a later date. At the request of Planning Commission Chairman, Mr. Toby Rosenblatt, the Planning Commission Secretary called the role and announced the purpose of the joint meeting. Chairman Rosenblatt indicated that in accordance with the procedures announced at the joint meeting of March 14, 1978, the chair for the continued joint certification meeting would alternate for each day's session between the City Planning Commission and the Redevelopment Agency. He noted that he had chaired the last session; therefore, this

joint hearing would be presided over by President Howard M. Wexler.

President Wexler stated that both special meetings were open and the joint certification meeting and joint public hearing were then called to order. He noted that public testimony on the Draft EIR had been completed at the public hearing of February 9, 1978. However, in accordance with recommendations of staff and legal notices published in the San Francisco Examiner, additional public testimony would be taken on specific portions of the Final EIR as follows:

- (a) The materials contained in the revised and expanded Appendix D4 of the EIR which was appended to the addendum, "Comments and Responses," dated March 7, 1978, and
- (b) the materials contained in the addendum, "Errata and Clarifications," dated March 14, 1978, of the EIR.

Testimony will be taken to give the public an opportunity to make their views known to the Commissioners which will assist them in their deliberations relating to the certification of the Final EIR. President Wexler also indicated that written statements, comments or questions relating to the specific materials being considered at the hearing had also been received and forwarded to the Commissioners for their consideration. At the conclusion of the public testimony today the staffs of the Agency and the Office of Environmental Review will recommend a date, time and place for the continued joint certification meeting and special hearings. President Wexler indicated that in accordance with the procedures for the February 9, 1978 joint public hearing on the Draft EIR for Yerba Buena Center, the same ground rules concerning the receipt of oral public testimony would be followed at the hearing. These rules are as follows:

- (1) The entire Public Testimony Session will be transcribed.
- (2) All members of the public who wish to speak must fill in a preprinted card. These cards are available at the door or may be obtained from the Secretary of either the San Francisco Redevelopment Agency or the City Planning Commission.
- (3) Prepared written statements will be logged and the entire prepared written statement will be entered into the record; however, only significant comments will be covered in response.
- (4) All speakers will identify themselves verbally and state whom they represent.
- (5) If a person is endorsing a previous position, he or she should so indicate.
- (6) Each speaker will be allowed ten minutes to speak.

President Wexler indicated that one speaker would be recognized at a time. He suggested that each Commission take the appropriate action to adopt the staff recommendation for the conducting of the hearing.

MOTION: It was moved by Ms. Shelley, seconded by Ms. Blomquist, and unanimously carried that the ground rules and procedures outlined by President Wexler for the conducting of the joint public hearing be adopted.

The Planning Commission also adopted the procedures unanimously. President Wexler observed that four individuals had requested an opportunity to speak.

Mr. Chester Hartman submitted the attached statement, which indicated his belief that the issue that should be considered for Yerba Buena Center is whether the costs in public money of building the convention center are ones that should be borne by the public. He indicated concern about specific expenditures and requested the Commissioners to consider these in certifying the adequacy and the accuracy of the EIR. He expressed the belief that the EIR, as prepared, did not meet the test of completeness, adequacy and accuracy, and he urged that it not be approved.

At this time, 4:55 p.m., Mr. Glickman left the meeting.

In response to Ms. Bierman's inquiry, Mr. Chester Hartman indicated that he favored a plan which excludes the exhibit hall and proposes construction of only the recreation and entertainment theme park. In response to further questions from Ms. Bierman, Dr. Bendix indicated that legally the EIR is intended to cover a range of alternatives for development of the project. She believed that the information presented was totally complete and provides sufficient information to make a decision on any of the alternatives contemplated for the area. Ms. Bierman inquired if there was any way to have financial information which would determine whether the center would cost the taxpayers money. Dr. Bendix inquired if it was the consensus of the Commission that further economic study be done on the entertainment park for the project.

At this time, 5:00 o'clock p.m., Mr. Glickman returned to the meeting.

President Wexler indicated that it appeared the material provided presented a range of alternatives from the greatest to the lowest costs and provided the decision-makers with adequate information to decide on a final plan. Dr. Bendix concurred, indicating, however, that the details of sub-alternatives had not been explored. Essentially, the three alternates were all that the report had evaluated. In response to Chairman Rosenblatt's inquiry, Dr. Bendix indicated that the EIR process is not concluded with the certification of the report. Each action in the project will require further environmental evaluation based on the data provided in the EIR.

Mr. Mike Davis came forwarding, indicating that he had served on the Citizen's Committee on Yerba Buena Center and expressed his belief that the EIR was inadequate in a number of ways. He did not believe that the economic data was valid nor did it provide adequate information to assess the proposals. He indicated that he wished to see an objective survey prepared subjectively. President Wexler stressed that this was not considered to be a financial plan for development in the area.

Mr. Victor Honig came forward and indicated that he wished to comment on what he believed was a lack of accurate information and the failure to make needed surveys and financial projections in the EIR. He felt that once the Commissioners had heard these comments, they would reject the EIR. Mr. Honig's statement is attached and made a part of these minutes.

Ms. Bierman indicated that she was concerned about the figures provided by the Visitors and Convention Bureau and asked about the validity of this information. Dr. Bendix indicated that the Visitors and Convention Bureau had the best information available on the anticipated number of visitors to the city.

Mr. Keith Davis indicated that Mr. Ted Frazier, Director of the San Francisco Coalition, would present the Coalition's statement. Mr. Frazier came forward and noted that women and minorities were extremely frustrated by delays in the construction of the project. He urged that the Commissioners act favorably on the EIR and get the project under way as expeditiously as possible with a major emphasis on minority participation in the project.

The final speaker, Ms. Nancy McKay, came forward and urged approval of Alternate C. She expressed concern about additional pollution in the area and urged that the Commissioners consider any development carefully in terms of the additional pollutants generated. She also concurred in the concerns about the financial viability of the project enumerated by the previous speakers.

President Wexler indicated that the purpose of the EIR was to consider four alternative plans and their potential impact. The EIR is to provide the basis for future decisions. He indicated that the intent was to provide complete information rather than solutions to developmental problems.

In response to Ms. Bierman's inquiry, Mr. Conrad indicated that the Art Commission had approved the second phase of the convention center design. Ms. Bierman inquired why the design was not covered more completely in the EIR and Dr. Bendix noted that the design of the convention center was not yet completed and there was no way that the EIR could reflect complete information about it at this time. Ms. Bierman requested Dr. Bendix to comment on the economic analysis, particularly in regard to Alternate C. Dr. Bendix indicated that it was not appropriate to provide definitive financial plans for any of the alternates in the EIR. She noted that recommendations would be made after the certification which pertained to the plan adopted. President Wexler inquired about the provision of this information, and Dr. Bendix indicated that the information would be given to the decision-making body, which in this case was the Redevelopment Agency. She noted that it would be provided after the certification since it did not relate directly to the EIR process and was appropriately a matter of discussion by the Redevelopment Agency. Mr. Conrad indicated that there may be some confusion of economic considerations with the study done by Real Estate Research Associates which concerned only the marketability of the theme park and was in no way an analysis of uses in the EIR.

Dr. Bendix indicated that she believed the EIR to be an exceedingly thorough document which identified all of the mitigating measures within the spectrum of developmental possibilities. Ms. Blomquist inquired if the ERA Report would be included in the EIR, and Dr. Bendix indicated that it was inappropriate to incorporate it in the EIR documents.

Mr. Hartman again came forward and urged that the theme park be made a part of the alternatives considered in the EIR, because he believed it has a significant economic impact and should be incorporated in the environmental documents. He urged that this be included as Alternate E. Ms. Bierman inquired about the length of time it would take to prepare the economic analysis of the theme park as an alternate plan, and Ms. Blomquist indicated her belief that the ERA Report was available and provided that information. Mr. Conrad indicated that it would take approximately two months to do an analysis of the financial impact of the theme park and prepare it for inclusion in the EIR, and for public hearings on that information. Mr. Richard Sklar, of the Office of the Chief Administrative Officer of the City and County of San Francisco, expressed concern about the time needed to prepare a separate alternate on the theme park, open up the entire EIR process, and conduct

additional public hearings. President Wexler indicated his understanding that a decision to request the preparation of an additional alternate would require a motion and approval by both commissions. Ms. Bierman suggested that hotel tax be used to finance the analysis as had been done in developing the exhibit hall. President Wexler indicated that it appeared the EIR addressed the possibility of constructing a theme park under the convention center and that information on the economic viability of the theme park could be developed later. Chairman Rosenblatt noted that inclusion of an Alternate E would require an analysis of the effects and costs of construction of the theme park, and he expressed concern about delaying the decision on the EIR until the viability of the theme park was determined. Mr. Sklar stressed his belief that the theme park was adequately covered in the EIR and that the EIR included an option for its development if it was determined to be a viable alternative. Mr. Conrad indicated that in response to the Mayor's Select Committee, the theme park had been incorporated in the EIR and provided an adequate basis for its development; however, he believed to incorporate it in the EIR as a separate alternative would require developing a prototype of the proposal and would require extensive evaluation.

It was the conclusion of the Commissioners that an Alternate E was unnecessary.

ADJOURNMENT

It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that the joint certification meeting be continued to 4:00 p.m. on Tuesday, April 25, 1978. The meeting adjourned at 6:20 p.m.

Respectfully submitted,



Helen L. Sause
Secretary

STATEMENT BEFORE THE JOINT PLANNING COMMISSION/REDEVELOPMENT

AGENCY HEARING, APRIL 11, 1978

The overriding policy issue at this point regarding Yerba Buena is whether or not to build the convention center. The EIR ought to provide as much relevant information as possible to public officials to assist in making this decision.

A threshold question is what are the costs, in public moneys, of building the center. The DEIR is neither adequate nor complete in this regard, for it does not offer, in one place and in easily comprehended form, the "bottom line" bill to the public treasury. Such a statement must appear in the final draft.

By drawing together bits and pieces of information scattered throughout the DEIR, the total cost, according to official documents, appears to be around \$300 million, at a minimum. Our calculations are as follows:

Development costs (bond repayments and hotel tax revenues prior to use of bond moneys -- pp. 275-276 DEIR)	\$234.5 million
Operating losses from YBC and Brooks Hall/Civic Auditorium (p. 12, 3/7/78 DEIR Addendum)	\$ 32-48 million
Development costs of other public areas (p.268 DEIR -- estimates for Alts. A&B have been tripled to derive total bond payback costs, using same ratio given for convention center development costs)	\$ 24-32 million
TOTAL	<u>\$290.5-314.5 million</u>

Beyond these firm figures, there are the unknown or open-ended costs:

- The "additional rental" called for in the proposed YBC lease agreement; this is an unstipulated amount, over and above the \$10.2 million annual "base rental", for such items as insurance, taxes, and the Redevelopment Agency's administrative costs.
- Advertising and promotion expenses for the new convention center. According to the 1-13-78 report of Events & Facilities Consultants, the comparable budgets for this item are \$451,000 and \$391,000 annually in Los Angeles and Dallas, respectively. While this may be an item in the Convention & Visitors Bureau budget, virtually all of their funds come from the City, and the expected increase in their advertising and promotion budget costs will surely lead to a request for additional city subsidies.
- Future capital costs for "modernization". As with all such facilities, 10-15 years down the line they suddenly are declared "obsolete". Based on past experience with other facilities, some order of magnitude figure for this cost

should be included in the EIR, or at a minimum a statement that such future costs are inevitable.

And no figure is included for increased city services, as the DEIR maintains the city will incur no increased costs for police, fire, street cleaning, Muni and other population-oriented services. Nor is any figure given for the cost of a future parking facility, should the city suddenly decide one is vitally needed.

We have doubts about the accuracy of the figures presented on several of these items, as will be noted below. But we feel the Final EIR must state completely and in one place the full public costs of developing the convention center, insofar as these are known.

Balancing these costs, the EIR must, as part of the cost-benefit analysis necessary to arrive at a sound public decision, deal accurately with the predicted benefits of the new convention center. We are dismayed at the unreliable, shoddy methodology used in the DEIR to predict the amount of new convention business that will come to SF as a result of constructing the new facility.

The (new) Appendix D.4 of the DEIR uses two methods to arrive at a "worst case" scenario. The first (and, according to our interviews with YBC staff and consultants, "more reliable") method was to ask the SF Convention & Visitors Bureau which conventions will come to SF only if the new center is built; that figure then was arbitrarily reduced by 30%, presumably to add a note of fairness and conservatism to the procedure (see pp. 111-114, new App. D.4). The new App. D.4 (p. 97) notes that "unfortunately, the Convention & Visitors Bureau survey appears to be incomplete in several areas", which then are listed. But more basically, this methodology has two crucial, and related defects.

The first is that the Convention & Visitors Bureau can hardly be regarded as an impartial, reliable information source; the Bureau, understandably, is and for years has been the leading advocate of the new convention center. The second defect is that those the CVB asked cannot be relied on to furnish accurate responses: they are under no obligation to use or pay for the center, so why not say yes to such a question? In the words of the manager of the NY Coliseum, what we are seeing is the "playground syndrome" "Every manager in the world when asked by questionnaire whether he would like to have a convention center in NY /SF, etc./ will respond in the affirmative. It simply gives him another playground, another place for bargaining, an opportunity to use more leverage, and after all a new playground costs him nothing. He is not in any way committed to it... and these lists are meaningless..."

When we raised this criticism in a session with the YBC staff and consultants, we were told that the CVB data were used because "it is the only act in town". Whether or not that claim is true, the fact remains that if the act doesn't hold up, the EIR has no business relying on it for so crucial a piece of information.

The second methodology used in the DEIR, as a "check" on the first, is an absurd piece of statistical projection technique, which in effect assumes the very thing one is trying to ascertain. Specifically, past growth rates in conventions were assumed to continue into the future (although, according to the 1974 HUD EIS, p. 161, "the lack of uniformity in the historical rate of convention growth over the past thirteen years makes it very difficult to use this as a valid indicator of future convention growth.") Then past distributions of con-

ventions by size were applied to future projected totals (although since the national market for conventions requiring exhibition space over 100,000 square feet appears to be saturated and in equilibrium, there is no reason to believe that SF will capture such a large share of large conventions, many of which may already have long-term arrangements with their existing convention centers.) The result: "proof" that new big conventions will come to SF. And for this they are paid thousands of dollars.

We do not regard the statement of benefits in the DEIR as accurate or adequate. The commissioners should note that the 2-24-78 Draft EIS prepared by HUD has the following to say about the benefits: "At this time, there are only opinions and speculations over the long term results of building the convention center. The numbers of convention delegates and other visitors to the YBC facility will not be a net decrease to SF." (p. VII-56). Not very inspiring or comforting, but at least pretty honest.

There can be little doubt that we do not at this time have the full and objective information on future use of the new convention center needed to make a sound public decision. As far back as 1973, when the last EIR on Yerba Buena was completed, it was noted that "It is very difficult to estimate the net new conventions and consumer shows that would come to SF as a result of YBC's existence. To date, a thoroughgoing market analysis concerning SF's market share of the tourism and convention industry in the US has not been completed." Such an analysis would take some time and some money, and the consultants know it can be done. That we haven't chosen to spend the time and money for that analysis (despite millions spent for architects, engineers, administrative salaries, consultants reports and hearings) is disgraceful. But it is all the more disgraceful to pretend that what has been done in App. D.4 represents any complete or accurate projection of the new convention center's impact on the city.

You commissioners are charged at this point only with certifying the completeness, adequacy and accuracy of the EIR. The policy decisions on whether to move ahead with this project in its current form are for another session. But despite any pressures you may be feeling to "get things moving", to approve plan changes and lease agreements, sell the bonds, get on with it all after so many years, you must honestly look at the information you are being asked to judge. I do not think it meets any reasonable test of completeness, adequacy and accuracy. I urge you not to approve this EIR unless and until satisfactory and complete answers have been provided to these vital questions.

Additional Items:

- We regard as far too high the rental rate of \$10,000 a day for the new convention center -- used by Event and Facilities Consultants in their 1-13-78 report, and in turn a major element in computing the operating deficit for the facility. The 1974 HUD EIS used a figure of \$6,000 (p. 165), for a facility that was then substantially larger. The daily rental for the entire Brooks Hall-Civic Auditorium space, according to Table 4 of the new App. D.4, is \$3300 -- and the total usable exhibit floor space of these combined facilities is 138,000 square feet, compared with 125,000 for the new YBC facility (p. 4, E&FC report.) As noted in Response #11 of the 3-7-78 DEIR Addendum, there will be constant pressure to keep rental rates for the facility low, by competition from other regional convention center and the influence of hotel owners here, who want to keep their rooms filled. We do not believe the \$10,000 figure is accurate and ask that the YBC operating loss estimates be recalculated using a more realistic figure.

- We regard the \$75/day average convention delegate expenditure as possibly too high. Can it be substantiated and documented? (By comparison, we note that the 3-10-78 Addendum to Oakland's UDAG Application for its new convention center estimates average daily expenditures at \$60/day.)

- We note that the proposed 158,000 square foot Oakland Convention Center is not mentioned anywhere in the DEIR. If this new facility is built, what impact will it have on demand (and rental rates) for the new YBC facility? (It is interesting to review the similar roseate projections made by Oakland's officials and consultants -- many of whom were the same consultants used for YBC -- in presenting their case for a new convention facility. They project 281,000 new delegate days and increasing their share of the state's convention business from 4% to 5.6%.)

- The crucial issue of whether hotel tax projections are accurate, raised in my previous set of comments, has by no means been adequately answered. Merely projecting past growth rates into the future may be seriously misleading. It is important to break down the components of increase according to their source: increased number of hotel rooms, changed occupancy rates, increased room rates. Once the various components of the past increase have been factored out, future projections can be made much more reliably. We also note that no adjustment in hotel occupancy rates has been made to account for a lower demand factor due to the assumed increase in the hotel tax, from 6% to 8%. There doubtless is elasticity of demand based on room price; previous jeremiads from the hotel owners when proposals were made to increase the hotel tax for other purposes assumedly were based on some reality. Finally, no mention is made of exogenous factors which can affect hotel occupancy rates: for example, the energy crisis, urban violence, or boycotts (see for example the 4-4-78 NY Times account of the severe downturn in convention business in non-ERA states subject to the NCW boycott.)

- What is the basis on which the YBC staff (see John Igoe's 6-17-77 memo to Roger Boas) increased the projected rate of hotel tax receipts to 10% annually, contradicting the assumptions and projections made by Blyth Eastman Dillon & Co. of a 7.7% annual growth rate (in its 12-10-76 letter to Thomas Mellon)?

- Incomplete answer was given to the inquiry in my previous set of comments as to whether there is precedent for carrying ^{out} and approving an EIR before there is an approved project.

- We would like to have a clear, unambiguous statement as to the nature of the bond issue proposed for the YBC convention center. At various points in the DEIR different terms and descriptions are used. We have been told in conversation with the YBC staff that the bonds will be "lease revenue bonds", backed only by the hotel tax allocated for that amount. But we think a clear written description of the bond instrument is needed.

- My inquiry in the previous set of comments about different assumed inflation rates was answered with a general statement that in essence inflation rates cancel themselves out, as hotel tax revenues will increase pari passu with cost increases. What reason is there to believe that hotel rates can increase so easily and rapidly, to keep pace with things over which there is far less control, such as materials costs, wage rates, interest rates, and operating deficits for the convention hall?

- I would ask that Response #22 in the 3-7-78 DEIR Addendum be checked for accuracy and completeness. Can it be that the difference in total public costs between general obligation bonds and lease revenue bonds is as little as \$3 million on so

large a payback? Does the calculation given take into account payments from accumulated hotel tax revenues before formal bond repayments begin (under the lease revenue option)? And why would the bond issue be higher under g.o.'s than it is using lease revenue's?

- The EIR should clarify whether or not tax allocation bonds may be used for some elements of the project (the DEIR has conflicting and ambiguous statements about this.) If they may be used, some description of the opportunity costs should be included -- what funds and/or services will not be available as a result of sequestering these tax revenues?

- The EIR should discuss the potential impact of passage of Prop. 13. Will tax increment financing then be an option? What are the consequences for public services and environmental management of locking up valuable non-property tax revenue sources if recourse to property tax revenues for funding these services is sharply curtailed?

- According to the 6-15-76 report "YBC Convention Facilities: Economic Trends and User Needs" prepared by the Mayor's Economic Analysis Unit for the Mayor's Select Comm. on YBC, "just as visitor trade stimulates local spending, it also increases demand for certain goods and services and thus adds to inflation" (p.2). What is the magnitude of this negative impact on the local population as a result of YBC development? If order of magnitude numbers are not available, the EIR should at least contain a descriptive statement of the two-sided nature of tourism's economic effects.

- The absence of a parking facility in the new convention center, and the general shortage of parking in the surrounding area, will probably have a negative impact on attendance at more consumer-oriented shows (such as the SF Gift Show, Pacific Horticultural Show and Pacific Automotive Show, all of which are listed, in some cases several times, in the most recent CVB "schedule" for the YBC facility.) Is this factor taken into account in the EIR analysis?

- The figure of \$32-48 million given as the combined Brooks Hall-Civic Auditorium and YBC convention center deficit over the life of the YBC bonds would appear to be too low. The \$48 million maximum is apparently based on the "worst case" assumption of a combined \$1.6 million annual figure (p. 5, 3-7-78 DEIR Addendum), carried out over a 30-year period. But this does not account for inflation, which, even if applied uniformly to revenues and costs, would increase the deficit. A \$1.6 million combined loss figure which increased at a 8% annual rate for 27 years (the rate used in the 1-13-78 E&FC report) would total far more than \$48 million.

- We still believe it would be highly useful to work out an alternative plan that does not include the convention center but does include the entertainment/theme park on the central blocks, plus the other uses contained in the Redevelopment Agency's proposed revisions. If in fact our argument that the convention center is an economic disaster is accepted, or if the convention center cannot proceed for other reasons, that may be the most likely culmination of the YBC project. We think it is important for public decision-making that this alternative and its impacts be spelled out. (At an April 6 meeting with YBC staff and consultants we were promised that the staff would consider carrying out this work, but no commitment was made; we would ask that the Redevelopment and Planning Commissioners instruct the staff and consultants to prepare this alternative, which is relatively simple to assemble from existing data.)

April 6, 1978

Members of the Planning Commission and
Redevelopment Agency Commission

COMMENTS ON NEW APPENDIX D-4 EIR

Before you can certify the EIR you must be satisfied that it is "Adequate, accurate and complete". In commenting upon the New Appendix D-4 which is really the heart of the financial impact of this project, I hope to demonstrate that because of the lack of accurate information, the failure to make needed surveys and financial projections based upon invalid or unsubstantiated assumptions, this document must be rejected.

1. At page 90 we read: "The San Francisco Convention and Visitors Bureau estimates (all underlining mine) that the average convention delegate spends approximately \$75 per day and stays 4.5 days -- for an average expenditure of \$388 per visit." Despite the fact that there is no indication that this was based on any survey or real information, the reader is expected to accept this as the basis for all calculations.

On page 92 we are presented with Table 2 which gives all kinds of "data" concerning conventions, computed by the San Francisco Convention and Visitors Bureau. We can extrapolate average expenditure per visit from these. They show:

1974	\$281
1975	301
1976	329

So, where do we get the estimate shown at page 90 -- and how can we rely upon the figure of \$455 estimated for 1981?

The table shows delegate spending to have increased by an average of 21% per annum. Yet, the average expenditure per visit increased by only 7%! Which figures do you believe -- and how meaningful are they?

2. From page 94 to page 99 we have a discussion of the number and kinds of conventions we can expect to attract. What data is all of this based upon?

a) At page 93 we read: "Published data on total United States convention experience is both scarce and subject to reporting error."

b) On the same page: "Data compiled by World Convention Dates suggests - - - "Based upon this suggestion the EIR goes on to calculate that we will focus" on 3% of the total U.S. convention industry, or from 270 to 350 total U. S. conventions each year."

c) At page 97 we are told: "The San Francisco Convention and Visitors Bureau has conducted a recent survey which purports to show that over a five-year period some 53 association managers have indicated that they would hold their conventions in San Francisco only if the YBC hall is built. - - - Unfortunately, this Convention and Visitors Bureau survey appears to be incomplete in several areas: (a) - - - it does not ask how frequently each association holds conventions. (One meeting in the next five years, not followed by another meeting for ten years would not provide a sustaining demand for YBC space); (b) It fails to ask how much exhibit space and how many use days would be required; (c) Many of the associations responding to the survey represent organizations having 10,000 or fewer delegates (30 out of 52) - - - their space requirements might be met by private hotel construction - - -."

d) The writers then continue (p. 97): "Recognizing that additional survey work must be done to validate: 1) Total annual sustainable demand for the proposed facility - - -; 2) Total "net" or new demand for YBC Exhibit facilities - - - (new tourist spending and the entire issue of "off site" tourism jobs and payroll income to San Francisco) - - - a "worst case" and "best case" scenario can be developed.

The "worst case" scenario is largely based on the difficulty in validating existing survey work, the national trend among certain professional organizations toward holding smaller conventions of specialists and sub-specialists and the large number of new convention centers currently being planned throughout the country - - - a trend which could dilute the total annual convention business - - - and could lead to severe price or non-price competition - - - in order to attract a larger share of a very narrow market."

Would you invest your money in a \$300 million project based upon this kind of data?

3. On pages 93-99 we read: "The most comprehensive survey of market demand for YBC exhibition space was conducted in 1972 by McCue, Boone, Tomsick; Robert Sullivan; and John McGillis. - - - The conclusion to be reached from the 1971 McCue, Boone & Tomsick, et al surveys would seem to be - - - Delegates would use the YBC exhibition facilities an average of 164 days each year with 67 of those days actual show days and 98 days used for setting up and taking down - - -"

At page 103 the EIR continues: "The convention consulting firm of EVENT & FACILITY CONSULTANTS of Portland, Oregon, in January, 1978 evaluated the Convention and Visitors Bureau data and determined that during its first full year of operation YBC could expect an equivalent of 95 "Full hall" show days - - -."

All of the operating projections (pages 103 to 107) are based upon this determination. If the McCue, Boone, Tomsick, et al was the most comprehensive survey, why wasn't it used to make operating projections?

If we were to use the projections of McCue, Boone & Tomsick, et al we could have the following "best case" and "worst case" scenario.

Hall Rentals -- 67 days @ \$10,000 \$670,000 + 10% \$737,000
Food and Beverages -- same as on page 103.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
	(in Thousands)				
Hall Rentals	\$ 737	\$ 745	\$ 752	\$ 760	\$ 768
Food & Beverages	<u>250</u>	<u>270</u>	<u>292</u>	<u>315</u>	<u>340</u>
Total Revenue	987	1,015	1,044	1,075	1,108
Operating Expenses	<u>1,900</u>	<u>2,052</u>	<u>2,216</u>	<u>2,416</u>	<u>2,602</u>
"Best Case" Loss	<u>\$(913)</u>	<u>\$(1,037)</u>	<u>\$(1,172)</u>	<u>\$(1,341)</u>	<u>\$(1,501)</u>
"Worst Case" Loss + 80%	<u>\$(1,643)</u>	<u>\$(1,867)</u>	<u>\$(2,111)</u>	<u>\$(2,414)</u>	<u>\$(2,702)</u>

So we build a facility on which we can lose money.

At page 101 we are told: "In addition, there may be considerable pressure by San Francisco hotel associations to keep YBC rents at a low level, virtually assuring rising operating deficits each year as inflation drives up YBC operating costs."

While YBC facility is planned to be 350,000+ feet and to have 225,000 square feet of space in the main exhibit hall (p. 93) we are told that the net rentable space will only be approximately 125,000 square feet (p. 100 and see p. 4 EVENT & FACILITY CONSULTANTS report.)

Nowhere in the EIR are we given a complete analysis of the projected losses in operations of Brooks Hall once YBC facility is in use. That's another impact on the taxpayers! So, while the hotel tax might be sufficient to support an annual rental of \$7.2 million based upon a bond issue of \$78.5 million at 7.5%, where would the money to subsidize the losses of both YBC and Brooks Hall come from, not to speak of the cost of the concourse and public areas?

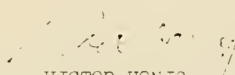
At page 122 we are presented with a chart "Summary Impacts" which purports to balance losses of operation as against "new" payroll for S. F. residents. Please note that the losses are shown at their first year or lowest, while the figures for payroll seem to have as little validity and basis as all other items in this document.

The figures for employment are based upon only 60% for San Francisco residents. Yet, we have been told by union officials that more than 60% of their members reside outside of San Francisco -- especially in the construction union.

I agree with the statements made at page 97 concerning additional surveys which must be done and that "no valid present surveys of this type currently exist on the present YBC exhibition facility."

In light of all of the doubts concerning the adequacy, accuracy and completeness of this EIR, how can you approve this document?

Very truly yours,


VICTOR HONIG

VH:gc

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
11TH DAY OF APRIL, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m., on the 11th day of April, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order, and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Dian Blomquist
Rubin Glickman
Melvin D. Lee

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and the following were absent:

Dr. Hannibal A. Williams

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Commissioners Rosenblatt, Bierman, Starbuck and Carey, as well as Secretary Woods and Planning Director Okamoto of the San Francisco Planning Commission; Mr. Chester Hartman, Mr. Mike Davis and Mr. Victor Honig of the Citizens Committee on Yerba Buena Center; Dr. Selina Bendix, Environmental Review Office of the City Planning Department; Keith Davis and Ted Frazier, San Francisco Coalition; Mr. Richard Sklar, Director of Projects, Mayor's Office; Mr. Robert A. Kenealey, Assistant Chief Deputy City Attorney; and Nancy McKay and Charles Walker, interested citizens.

RULE OF CHAIR: President Wexler indicated that subject to the objection of any Redevelopment Agency Commissioner the regular meeting of the Redevelopment Agency would be continued until 5:30 p.m., and that the Commissioners would move to continue the Special Meeting of the Redevelopment Agency with the San Francisco Planning Commission to consider certification of the proposed Final EIR for Yerba Buena Center. There being no objections, it was so ordered. (NOTE: During the Special Meeting it was agreed to continue the Regular Meeting until 6:30 p.m.)

At 6:30 p.m. the Commissioners reconvened in regular meeting. At this time, Ms. Blomquist excused herself from the meeting.

NEW BUSINESS

- (a) Request of community representative to express concerns.

Mr. Hamilton indicated that Mr. Charles Walker was present and wished to address the Commissioners on an item of concern to him about the Hunters Point community. Mr. Walker indicated that Agency staff in Hunters Point had not been able to resolve these matters. President Wexler requested

NEW BUSINESS (continued)

that he present his comments at the next regular Agency meeting on April 18, and asked that he provide the Commissioners and Mr. Hamilton with written information on these concerns. Mr. Walker indicated that he would consider doing so. Mr. Hamilton stressed that he would like information on these matters.

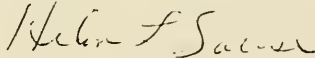
(b) Consideration of staff workload.

President Wexler indicated that he wished to comment on the amount of work that staff was carrying on simultaneously. He noted the Agency's activities in a number of areas of major, city wide significance including the Yerba Buena Center meetings for the consideration of the EIR, redesign of the Fillmore Center, and study of the Northeastern Waterfront Area. He also indicated his realization that to bring such matters to successful solutions involved major staff efforts, and complimented staff for the manner in which they were pursuing these areas of activity.

ADJOURNMENT

It was moved by Ms. Berk, seconded by Ms. Shelley, and unanimously carried that the meeting be adjourned. The meeting adjourned at 6:40 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Helen L. Sause".

Helen L. Sause
Secretary

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
13TH DAY OF APRIL, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at McCormick-Morgan Equipment Company at Evans and Mendell Streets in the India Basin Industrial Park in the City of San Francisco, California at 4:00 o'clock p.m. on the 13th day of April, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Dian Blomquist
Melvin D. Lee

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and the following were absent:

Rubin Glickman
Dr. Hannibal A. Williams

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Mary Rogers, Arnold Townsend and Benny Stewart, Western Addition Project Area Committee (WAPAC); Irv Sherrick, United States Postal Service; Willie Jones, Bayview-Hunters Point Joint Housing Committee; Lavolia Baker, Victorian Square Association; Howard Mitchell, African-American Historical and Cultural Society of San Francisco; Harold B. Brooks, Jr., Bayview-Hunters Point Economic Development Committee; Willie Beasley and Charles Walker, interested citizens.

Representing the press were Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

SPECIAL APPEARANCES

- (a) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel B-3, India Basin Industrial Park Approved Redevelopment Project Area. (Continued from April 11, 1978).

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel B-3, India Basin Industrial Park Approved Redevelopment Project Area. There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.

REPORT OF THE PRESIDENT

- (a) President Wexler indicated the Commissioners were pleased to be meeting in India Basin today at the McCormick-Morgan Equipment Company. He noted that this was the first opportunity the Commissioners had had to meet in India Basin.
- (b) Dr. Williams is now out of hospital and it is expected that he will be able to be back within a few weeks.

- (c) Mr. Glickman had just completed the 26-mile Boston marathon in the excellent time of three hours and twenty minutes and will return next week.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The Urban Development Action Grant (UDAG) application had been submitted by the Agency through the City to the Department of Housing and Urban Development (HUD). Mr. Hamilton indicated that a community meeting had been held the previous Thursday evening at the Queen Adah Lodge at which approximately seventy people had attended to discuss the application and the tentative designation of individuals who may serve on the local nonprofit community development corporation. Expressions of interest were received for one-half of the seats.
- (b) The UDAG application was heard by the Board of Supervisors' Finance Committee last Wednesday and will be heard by the full Board on Monday and if approved it will be transmitted to HUD. It is expected that final action by HUD will be forthcoming in June but the Agency expects to have an indication of the acceptability of the application from HUD before that time.
- (c) The Finance Committee also considered its final action on the Performing Arts Garage approving the project lease and authorizing execution of erection of the documents. This resolution passed by a 2 to 1 vote of the Board. The full Board also calendared the matter for consideration and held it pending the return of Supervisor Dianne Feinstein within the week.
- (d) Mr. Hamilton indicated he had met this week with Mr. Lyman Jee and representatives of the California-Canadian Bank who advised him that they are interested in forming a joint-venture relationship with Mr. Jee. The discussion concerned such issues as the time schedule for Mr. Jee's performance and the composition of the proposed joint venture. It will be known early in May whether the Agency will be asked to consider approval of the joint venture.

REPORT OF KEY STAFF MEMBERS

- (a) Report on proposed building moves, Western Addition Area A-2.

Mr. Hamilton indicated that there were several issues related to the preservation of buildings which may be moved and rehabilitated on new sites. A number of moves are proposed during 1978 and he recalled that last week an engineering consultant's contract had been authorized which would provide services in connection with these moves. He requested Mr. McClure to comment on the proposed building moves.

Mr. William McClure, Director of Rehabilitation, came forward and indicated that at the special meeting of April 10, 1978, the Commissioners had asked about eight buildings which staff presently recommended be moved and rehabilitated this year. He pointed out on the wall map the general locations where these buildings were to go and passed out photographs of the buildings to the Commissioners. All of the buildings except one are for residential use and are identified as follows: (1) 2011 Bush, (2) 1844 Buchanan, (3) 1822 Buchanan, (4) 1759 Sutter, (5) 1838 Buchanan, commercial use,

(6) 1421 Webster, (7) 1365 Eddy, and (8) 221 Larch Streets. The respective sites to which these will be moved are as follows: (1) 1964 Ellis, 2-story wood-frame apartment house comprised of three Edwardian flats; (2) 1968 Ellis, 2-story wood-frame single-family Victorian residence; (3) 1960 Ellis, 3-story wood-frame apartment with three Edwardian flats; (4) 1972 Ellis, 2-story wood-frame single-family Victorian residence; (5) 1410 Post, 2-story wood-frame apartment of four units to be converted into two Victorian townhouses; ((7) 1340-48 Webster, 2-story wood-frame apartment of eight Victorian flats; and (8) 1347-49 Scott, 2-story wood-frame Victorian residence comprised of two townhouse units. The sites on buildings numbers 2 through 5 are needed for Nihonmachi development, numbers 1 and 8 is for future development, number 7 for expansion of an existing MPPH site, and number 6 for development of the Fillmore Center. Mr. McClure explained that those buildings being moved to the vicinity of the Victorian Square complex near Eddy and Scott Street would become part of the Biedeman Place historical area.

President Wexler inquired if the funds for moving these buildings were to come out of the Agency's regular budget or from some special fund and Mrs. Jane Hale, Assistant Executive Director for Finance and Administration, responded that she was not certain at this time what would be the source of funds for these moves. President Wexler inquired if the Agency would be rehabilitating this housing and also wished to know about their disposition. Mr. McClure indicated that staff's professional recommendation would be to do the rehabilitation in-house and the structures would be offered for sale in accordance with the certificate of preference procedure.

Mrs. Mary Rogers of the Western Addition Project Area Committee (WAPAC) came forward and indicated her understanding of the need to move these buildings and urged consideration of placing them on a site between Bush and Sutter on Fillmore Street which would complete Victorian Square and reinforce the commercial uses in that area. She indicated that this site was closer so the move would be less costly if they were moved to this area. She requested that the rehabilitation staff meet with them and study the matter further and resolve WAPAC's concerns about the rehabilitation cost and allocation of the buildings.

President Wexler indicated there may be seven other buildings that would become available to the Agency to move into the A-2 area through the proposed development of 150 units of Jewish Welfare Federation-sponsored senior citizen housing at Sacramento and Walnut Streets. Mrs. Rogers expressed her belief that it was unfair to discuss this matter at a public meeting because WAPAC had not had an opportunity to consider these particular buildings until today. President Wexler expressed his belief that it was appropriate to begin to discuss the parameters of what was available to develop the area and it was important that information be available to the Commissioners and the community so that both could evaluate the issues involved in making their decisions. He noted that what Mr. McClure was giving was only a report and no action was to take place today. He believed it was appropriate for Mr. McClure to speak of the possibility so the community and Commissioners would have an opportunity to consider this possibility.

Mr. McClure indicated that the Jewish Community Center had advised the Agency that seven buildings would become available and because it was believed that

there was a need for Victorians in the area. Staff had today done some preliminary siting of those buildings on Fillmore between Bush and Sutter Streets to see if the buildings would fit on the site. He indicated the appearance of the buildings and their locations using a map and picture of the buildings. Mr. McClure indicated that no estimates had been worked out and that staff had only been informed that the seven buildings could be made available to the Agency. President Wexler inquired if funds were available to move these additional buildings, and Mr. McClure responded that there were no funds in the 1978 budget and Mrs. Hale concurred. Mr. Hamilton indicated that these were only preliminary discussions because staff had just learned that the site at Sutter and Bush Streets would be available and staff needed to evaluate the total area. Until staff goes through such a replanning process, no recommendation can be made to WAPAC or the Commissioners. The consideration of this replanning will be presented shortly because the determination needs to be made soon as to whether the buildings could be accommodated on the site.

President Wexler indicated he had requested that the matter be brought up because he believed parameters should be considered on the basis that there may be fifteen buildings available for moving to whatever locations are selected. He stressed that the community will be consulted regarding this matter. President Wexler requested that the Commissioners be advised by memorandum after staff has made its analysis and he also wished to have information as to what the community believed feasible so the Commission could begin to formulate its position on the matter. He reiterated that no action was to be taken today.

Mrs. Rogers suggested that WAPAC be contacted before any plans were formulated because a decision should not be made without information on what the community wanted in the area. She feared that the community residents would not occupy the buildings but people who originally lived in them would be brought in from Pacific Heights to own them and she stated that this would not be allowed to happen. She also expressed concern that Mr. McClure had not informed her that these buildings were to be considered at this meeting. President Wexler again indicated that no decision was made on the matter.

Mr. Arnold Townsend of WAPAC came forward and indicated that, as an example for the need to have community input, he had been under the impression the eight buildings were to be rehabilitated under the "sweat equity" concept which WAPAC was trying to develop and were not to be rehabilitated by the Agency.

President Wexler indicated that no decisions had been made and this was one of the reasons he believed the matter should be out in the open so everyone could provide input and appropriate discussions could take place. Mr. Townsend indicated there were other rehabilitation proposals and uses of these buildings that could be developed. Ms. Blomquist indicated the desirability of having a decision made on the ultimate planning of the site on Fillmore between Bush and Sutter before the Commissioners made any response, and President Wexler concurred noting that this was what was being attempted with the evaluation including the possibility that there 15 buildings that should be considered in

evaluating the area and that there could be a variety of ways to find locations for them using an overall approach. In responding to Mrs. Rogers question, President Wexler indicated no decision had been made to bring the eight buildings into the community.

Mrs. Rogers continued to express concern about the probable impact on the community if buildings and people from other areas were moved into the Fillmore and reiterated her belief that WAPAC would not let that happen. President Wexler explained that there was no plan to move occupants with the buildings and indicated that the buildings were vacant. Mr. Townsend expressed the belief that there were occupants in the buildings and believed that because of problems with local residents and because the site at Sutter and Bush had recently become available he believed that the Agency-owned Victorians should be moved on to the site to reinforce the commercial activity on the Victorian Square activity across the street. President Wexler indicated that staff would explore with WAPAC all the possibilities and report back to the Commissioners on the findings before any recommendations are considered.

UNFINISHED BUSINESS

- (a) Consideration of authorizing the Executive Director to enter into contracts for rehabilitation work for 1712 and 1724 Fillmore Street, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that this concerned award of a contract to the low bidders for rehabilitation of two of the last buildings moved to Victorian Square. This item was held over from the April 4, 1978 meeting to permit time to consider allowing prospective purchasers to do their own rehabilitation. After discussion of the advantages and disadvantages of this matter, the consensus of the members of the Victorian Square Association was that the Agency should proceed with the rehabilitation work in order to avoid probable delays. Mr. Hamilton noted that WAPAC did not concur in this proposal. The low bidders are H. T. Engineers for rehabilitation of 1712 Fillmore Street for \$169,600 and Willie Ballard for 1724 Fillmore Street at \$174,000. Mr. Hamilton indicated that there appeared a savings could be realized for the rehabilitation work on 1712 Fillmore St. because there was a difference between the staff estimate and the amount of the low bid, and he recommended rejecting the bid for the work on this building. Ms. Blomquist noted that the low bid on 1712 Fillmore St. was not substantially over staff estimate and inquired why the lowest bid should be rejected. She noted that this was the first time H. T. Engineers had bid on work in the area, and since the Commissioner wished to have other firms bidding on the Agency's rehabilitation work, she wondered why this bid should be rejected.

Mr. Gene Suttle, Area Director for Western Addition Area A-2 noted that staff had met with WAPAC and the Victorian Square Association on the allocation of buildings. He concurred with Mr. Hamilton's recommendation not because of the amount of the contract bid, but because of the matter of allocation. President Wexler inquired if Mr. Suttle was proposing allocation of the building to a purchaser with a contractor willing to do the work on 1712 Fillmore Street for substantially less than the low bid, and if this was so why the

contractor had not previously bid on the work. Ms. Blomquist questioned why the Agency would not award on the basis of the low bid received. Mr. Suttle responded that the purchaser was not known and that WAPAC had recommended rejection of this bid and he had no explanation as to why the other contractor had not bid.

President Wexler indicated that if there were other contractors willing to bid, he believed the Commissioners should consider rejecting all bids and authorize rebidding at this meeting. He stressed, however, that he was concerned that if the Agency solicited and received bids, and had an acceptable low bidder that it did not appear to be ethical to reject those bids because someone else was willing to do the work for less. He believed this would encourage people to start withholding their lowest possible bids initially and to negotiate with the Agency afterwards. Mr. Suttle responded that he believed these bids had been solicited prematurely, and he did not want this to preclude other methods of proceeding on this work. He indicated a buyer had been selected but the deposit had not been received. It may be that this purchaser may wish to proceed with their own rehabilitation work with their own contractors and he did not believe the Agency should prevent this.

President Wexler indicated that a procedure had been established for the allocation Victorian Square buildings and the policy of rehabilitation of the buildings by the Agency, and it was difficult to understand how this could be changed, particularly when a bid which was near staff's estimate had been received. He believed such a deviation would change the entire program. He also wished to preclude the problem of encouraging people to avoid the normal bidding process by going to the owners of these buildings to work out a better deal. Mr. Suttle indicated that he did not believe the Agency should be tied to rebidding the work, and noted that there were eleven buildings and ten would be done in-house. The Victorian Square Association is concerned that a buyer may do the work cheaper himself, and the avoidance of delay is a factor to be considered, but he believed it was possible the rehabilitation work on 1712 Fillmore Street could be done quicker by a new buyer. President Wexler indicated that for Mr. Suttle to make such a statement there must be a contractor who has already come forward with a figure, but Mr. Suttle indicated that this had not occurred, but there was only an indication that a buyer who wanted to use his own contractor was interested in the property, but that no price was given. President Wexler asked how this could be done faster by another purchaser since the Agency already had an acceptable bid and a contractor ready to go to work. Mr. Suttle responded that he was concerned action on this bid would preclude an acceptable purchaser of the building. Ms. Blomquist stressed her concern that this was a bad practice, especially since the low bid was from a new contractor in the Western Addition A-2 area.

Mr. Lee indicated that he would abstain from voting because of a conflict of interest in knowing one of the contractors involved. Mr. Townsend indicated that he was under the impression that the last three buildings which were moved to Victorian Square could be rehabilitated by the owners' own contractors and that these had gone out to bid too soon. He was told that this early bidding was because of a City requirement that had to be met, and that he had not wanted these buildings to go out to bid. He thought these were to have

been held for further discussion. He also believed that it made sense that a buyer not be bound by a decision made by the Agency and the HUD had concurred in saving these buildings because the people buying them would have an opportunity to effect a savings through rehabilitation. He indicated that HUD had been looking at the area with the idea of upgrading it and there was no guarantee that the HUD appraisals establishing sales price of the building would not be affected by the higher rehabilitation cost. He indicated WAPAC wanted the buyers to find their own contractors on these last three buildings if possible. He believed it was unfair to move these buildings and change the understanding that existed when WAPAC requested an investigation of "sweat equity", and that there was no understanding that these go out to bid like the other Victorian Square buildings.

President Wexler suggested that perhaps the action could be held on the H. T. Engineers award until the next meeting if action was not required today. Mr. Hamilton indicated that the next meeting would be May 2, 1978 and if no award is to be made he did not wish to ask the contractor to spend money for additional bonding. He indicated that the bids had been extended until today and he was unsure of whether the contractors would be willing to go beyond this time. President Wexler inquired how soon would the Commissioners have a proposal from staff to recommend consideration of using another approach or acceptance of the bid from H. T. Engineers. Mr. Suttle responded it would probably be about two weeks at least because staff and purchasers were involved in the decision and the buyer's financial capability and the contractor's bonding capacity needed to be determined.

MOTION: It was moved by Ms. Blomquist and seconded by Ms. Shelley that the contracts for rehabilitation work at 1712 and 1724 Fillmore Street be awarded to H. T. Engineers and Willie Ballard, respectively.

A representative from H. T. Engineers spoke from the audience and inquired who the purchaser was and Mr. Suttle replied that it would be a buyer selected by the Victorian Square Association who was presently unknown to him. The contractor suggested that they publish a notice in the newspaper that the contract bid might not be accepted. President Wexler indicated that the Agency reserved the right on all bids which it solicits to either refuse or award contracts to the low bidders on any jobs put out to bid, and the Agency General Counsel Leo E. Borregard concurred. Mr. McClure indicated this information was also included in the bid packets.

Resolution No. 89-78 ratifying and approving action of the Executive Director in soliciting bids in connection with rehabilitation of Agency-owned structures on Lots 20 and 47, Block 684; awarding contracts to H. T. Egnineers and Willie Ballard on the basis of low bids received, and authorizing execution thereof, Western Addition Approved Redevelopment Project Area A-2.

ADOPTION: It was moved by Ms. Blomquist and seconded by Ms. Shelley that this resolution be adopted, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Ms. Blomquist
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

Mr. Lee

The President thereupon declared that the motion carried.

NEW BUSINESS

- (a) Resolution No. 88-78 approving sale of Parcel B-3 to the United States Postal Service and the minimum disposal price; ratifying and confirming publication of notice of public hearing; authorizing execution of agreement for disposition and other conveyance instruments in connection therewith, India Basin Industrial Park Approved Redevelopment Project Area.

This concerns execution of a disposition agreement with the United States Postal Service for 32 acres located between Evans and Cargo Way for \$2,438,521 which is the fair reuse price concurred in by HUD. This will provide the site for the general mail facility which will serve San Francisco, Santa Clara, and San Mateo counties, and which is expected to employ 4,200 people seven days a week. The construction cost is approximately \$40 million and is scheduled to start in the spring of 1979 and be completed by the spring of 1981. The Bayview-Hunter's Point Joint Housing Committee has approved this sale.

Mr. Hamilton indicated that attention had been given to the opportunity for jobs in the facility and the Agency had entered into a \$950 contract with Comprehensive Consulting Services, a Bayview-Hunter's Point-based firm, to prepare a written training program, which program is presently being reviewed by representatives of the Joint Housing Committee prior to finalization by the consultant on May 1, 1978. This will help provide training and jobs for Hunter's Point residents at an estimated cost of \$35,000 annually, and this item will be calendared for the Commissioners consideration at a later date. President Wexler indicated that the proposed facility was an excellent one and had the full support of the Commissioners; however, he had some concern about the architectural design of this large-scale building. He inquired if representatives from the post office would care to comment on the procedures that would take place in review of the design. He also inquired at what point the Commissioners would review the design. Mr. Hamilton responded that the design fell under the Agency's procedure for final design approval. He indicated the preliminary sketches of the building had been prepared several months ago, and the Agency staff was working with postal authorities on the major redesign of the building, and the postal representatives had pledged they would ultimately have an architecturally attractive design which would compliment the whole area. Landscaping was one of the items receiving attention, and the design itself is something which would be reviewed by staff.

Mr. Irv Sherrick of the United States Postal Service, came forward and indicated the architectural design had been discussed with staff and it was understood what the Agency desired. President Wexler inquired if the

design had been worked out and Mr. Sherrick replied that the site had to be selected first before the design could be completed.

Mr. Charles Walker came forward and indicated that the post office was a serious issue and one which affected the Hunter's Point community and he was concerned that there were no community people in attendance at the meeting. He believed that since the meeting was in the area, people should be invited and then matters concerning the area should be discussed instead of Western Addition items. He suggested having the meeting at Whitney Young community facility so the residents could attend. President Wexler indicated his belief that everyone had been invited and noted this was intended to be an India Basin meeting, and at a later date there would again be a meeting in Hunter's Point in accordance with the Commissioners plan to meet in all projects.

President Wexler inquired if the matter of the postal facility design would be brought before the Commissioners before the disposition agreement is approved, and Mr. Hamilton responded that the agreement would not be brought back to the Commissioners after this formal approval. President Wexler asked that if an amendment to the agreement was required to have the design brought back to the Commissioners and Mr. Hamilton responded that if there was to be a public hearing on design of the post office, the postal authorities would have to be consulted. President Wexler inquired of Mr. Sherrick if this would create any problem if after the design was developed, whether it could be brought back for the Commissioners review in a public meeting before the Agency executed the deed. Mr. Sherrick responded that he did not have the authority to make that decision, but he pointed out that the agreement with the Agency clearly specified that the design was to be approved by the Agency, and he had no particular concern how the Agency made this determination. President Wexler indicated he saw no problem in the staff making a presentation, and that the matter did not need to be put to a formal vote. Mr. Hamilton indicated that staff review was focused on considering the design elements required by the Redevelopment Plan, which established certain design criteria that were to be met and not in regard to aesthetics, and he could see no difficulty in that context in having staff bring back the design before the Commissioners at a public meeting and having the architectural staff present the design or comment on any questions the Commissioners may have. President Wexler expressed his understanding that the Agency retained the right to approve or disapprove plans based upon approval of architectural aesthetics as well as fulfillment of legal requirements, and Mr. Hamilton indicated that although the Commissioners had seen preliminary drawings on various projects, and had approved what was proposed at that time, this was not a requirement. In this case there were no preliminary drawings.

Ms. Blomquist noted that she could not understand why staff had not presented renderings to the Commissioners. Mr. Hamilton noted that this could be done, but he had wanted the Commissioners to understand the parameters of their review. President Wexler indicated his belief that any developer had to have a plan submitted for approval on aesthetics before receiving approval and there appeared to be no guidelines for this process. He believed there may even be a legal requirement that the Commissioners review architectural

designs and to reject any that were unacceptable. Mr. Borregard commented that in the disposition agreement there is a requirement for preliminary approval of plans based on their conformity with the Redevelopment Plan and certain architectural guidelines. This did not involve aesthetics. President Wexler suggested that some attempt be made to remedy this issue since the Commissioners appeared to have no power to accept or reject the design based on aesthetics.

Mr. Harold Brooks of the Bayview-Hunter's Point Economic Development Committee came forward and commented that some years ago he had been requested to attend a meeting at which the Greater Chamber of Commerce of San Francisco had spoken about India Basin and what was to happen there. He was discouraged because India Basin was not turning out to be what he had believed was intended because the uses did not meet what he understood was needed by the community. It was his understanding India Basin was to have been an industrial park and not warehouses, and also there was to have been office buildings. He indicated people had been promised jobs and he was disturbed because they were not having access to jobs and housing was priced out of reach of the people. He expressed concern that now there was to be a postal facility which would transfer its own workers into the area who did not live in it or rent housing, and who would be filling jobs needed by Hunter's Point people. It was his impression India Basin was intended to enhance development of Hunter's Point, but there were insufficient jobs to help residents. Mr. Hamilton responded that the intent of the Redevelopment Plan was followed with respect to the policy of having at least twenty employees per acre, although initially it had been intended that the job requirements were to have been higher. The Plan forbids any warehousing, has required a minimum number of jobs per acre. The postal facility will have about 400 jobs available through attrition and it's location in India Basin also means that jobs are being saved that would have moved to other facilities.

In connection with the design review, Mr. Borregard indicated his unfamiliarity with the requirements contained in the architectural standards, but that he did not believe they addressed aesthetics. Mr. Richard Marshall, Business Development Specialist, indicated that the same controls existed as were in other agreements and the postal authorities have pledged to devote special attention to the exterior design. President Wexler indicated the staff looked forward to working with the post office on its facility.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (b) Consideration of waiver and funding authorization for workshop conducted by Bayview-Hunter's Point Joint Housing Committee.

This concerns a Bayview-Hunter's Point Joint Housing Committee workshop to held April 21 and 22, 1978. The workshop should be beneficial in aiding the new Board members in participating as citizens' representatives for the Hunter's Point area. Authorization is requested to pay costs of the meeting room, consultant fees, and to waive the policy governing travel and pay the costs of two meals for the two-day conference. These costs would not exceed \$1,200.

Ms. Shelley inquired about the rationale for meeting out of town, and Mr. Earl Mills, Deputy Executive Director for Community Services, replied that it has been past experience in conducting workshops that the concentration level of the participants is higher if the meetings are held away from disruptions of calls or visitors. Ms. Shelley questioned the breakdown of costs and asked if this included costs for an overnight hotel room and Mr. Mills indicated that the decision to stay overnight was up to the people who participate and rooms would be at their own expense. Mr. Hamilton explained that because the site chosen for the conference in Belmont was within the area covered by the Agency's local travel policy, the Agency could not pay for rooms on an overnight stay. President Wexler indicated that perhaps the meeting could take place in a San Francisco hotel and keep the business in town, and Ms. Shelley questioned why the commute to Belmont, as well as the consultants' fees of \$800, or \$400 each. Mr. Mills indicated that the fee for Elouise Westbrook is \$300, and Mr. Brooks would be paid \$500 at \$20 an hour for 25 hours of work with the staff in putting together informational packets for the seminar. Ms. Berk asked the precedent for these workshops, and Mr. Mills responded that the JHC had held on in 1976, but did not go in 1977 because the Joint Housing Committee funding was transferred from the Model Cities Program. Ms. Berk inquired about the Agency's experience using consultants for orientation, and Mr. Mills responded that an experienced community person was needed as a resource to help the new people understand the relationship of the community to the Agency and plans for the project. In replying to Ms. Berk, Mr. Mills indicated that consultants had been used before, but were funded by Model Cities.

Ms. Shelley inquired if other community groups had such programs, and Mr. Mills indicated that the Agency funded two project area committees, but this type of orientation was needed by Hunter's Point Committee because the members were all new and had all served less than two years. Ms. Shelley again questioned the need to go out of town thirty miles to hold a workshop related to community matters, and Mr. Mills indicated that the workshop would be not to assess community needs, but to prepare the committee members to deal with the Agency, and learn what the Redevelopment Plans were about. In response to Mr. Lee's inquiry, Mr. Mills confirmed his understanding that overnight stays were not paid for by the Agency.

Mr. Brooks indicated his understanding that it was difficult for a community to be of service to a public agency without an opportunity to understand that agency and review what its responsibilities were, and that HUD should encourage such training. President Wexler indicated his understanding that payment for overnight lodging was not allowable in the local area, and noted there was nothing that required the meetings to take place in Belmont as opposed to San Francisco provided the Joint Housing Committee wanted to use funds for a closer location. Mr. Hamilton indicated no action was required on authorizing the location of the meeting. Ms. Shelley inquired about the status of the arrangements, and Mr. James Wilson, Area Director for Hunter's Point and India Basin, replied that the tentative arrangements had been made and would be confirmed today if the Commissioners approved the costs. President Wexler indicated there appeared to be people who were surprised they would not be put up overnight, and may prefer to meet in the city. Mr. Hamilton indicated it was not Agency policy to pay for overnight lodging within a thirty-mile radius, and the Committee knew two weeks ago that the recommendation to the Commissioners would not include overnight lodging costs.

Mr. Townsend indicated that WAPAC had similar problems, and pointed out that the Commissioners were paid for the Agency meetings. He also believed their discussion of this small amount was excessive. Mr. Willie Beasley came forward and indicated that the Committee wanted to accomplish certain things and urged the Commissioners to take favorable action on the matter.

Ms. Blomquist inquired if any Agency staff were involved in the workshop and Mr. Mills replied that he and Messrs. Hamilton and Wilson were involved. Mrs. Willa Jones of the Joint Housing Committee came forward and indicated that the participants in the workshops worked diligently and needed this orientation and as far as she could ascertain, Belmont was ideal because it was away from home and people could concentrate and not be interrupted. She noted, however, that she believed the Agency had paid for lodging at such a meeting in 1970. President Wexler asked her if she still preferred to go to Belmont even though the lodging would not be paid for, and she answered affirmatively. Mrs. Jane Hale, Assistant Executive Director for Finance and Administration, indicated that she did not recall the Agency paying for lodging within the local travel area, and that the Committee had previously been funded under a different program, and under different HUD regulations, and she indicated no overnight lodging was paid for. President Wexler confirmed that no lodging would be included in the action.

MOTION: It was moved by Ms. Blomquist, seconded by Ms. Berk, and unanimously carried that a waiver and funding authorization for a workshop conducted by the Bayview-Hunters Point Joint Housing Committee be approved.

President Wexler indicated that it was necessary at this time to vacate the McCormick Morgan Equipment Company premises as agreed so that they could secure their building. The Commissioners indicated their desire to hold over the balance of the agenda items until after the meeting was reconvened at the Hunter's Point office at 1435 LaSalle Street.

RULE OF THE CHAIR: President Wexler indicated that subject to objections of the Commissioners, the meeting would be recessed at 6:15 p.m. and would reconvene at the Hunter's Point site office at 6:30 p.m. The meeting reconvened at 6:30 p.m. There having been no objections, it was so ordered.

- (c) Consideration of authorization to negotiate a contract for design consultant services with Rockrise Odermatt Mountjoy Associates (ROMA), Northeastern Waterfront Survey Area.

Mr. Hamilton indicated that this item concerned negotiation of a contract with the firm of Rockrise Odermatt Mountjoy Associates (RCMA) for urban design, transportation, economic feasibility, and environmental assessment services for the new Northeastern Waterfront area. Seven firms were interviewed of twenty-seven responding to the requests for qualifications. The selection panel, consisting of the Directors of the Agency, San Francisco Port Authority, and the City Planning Commission, and two members of the Waterfront Committee, interviewed these consultant firms and selected the team headed by ROMA with whom to negotiate the contract. The fee will be \$165,000 to be paid from Community Development funds jointly contributed by the Agency and the Department of City Planning. The contract, however, will be administered by the Agency. Mr. Hamilton indicated that Mr. George Rockrise, architect, had considerable experience in consultant work and the firm was selected because of the strength of the team members that was demonstrated

in their specialized fields of economics, transportation, housing, and urban design, and the high quality of their presentation. The firm has met the requirements for an affirmative action program. Mr. Hamilton indicated that the Department of City Planning will contribute \$85,000 and the Agency \$80,000. Ms. Blomquist questioned the need for a contract of \$165,000, since as a participant in the Northeastern Waterfront Committee she was doubtful that there was that much work to be done. In her opinion, most of the work had already been determined. Mr. Hamilton responded that there have been a number of planning studies and proposals in this area which must be evaluated, and that Mr. Thomas Conrad, Chief of Planning, had received expressions of concern from firms taking out proposal information that \$165,000 was insufficient to accomplish the services contemplated under the proposed contract. Ms. Blomquist inquired if the project ran from Pier 9 to China Basin and then inland, and Mr. Conrad responded that it was from Pier 7. Ms. Blomquist inquired what specific work was to be done, and Mr. Conrad indicated that the consultants would be asked to do an analysis of three development scenarios as well as evaluating all of the four elements itemized by Mr. Hamilton. They will analyze the area and make recommendations to the Agency which will then, with the Northeastern Waterfront Committee, choose the best of them. The consultant team will then test the plan selected, but before this stage is reached it will be necessary to know what the development potential is as well as such issues as the zoning changes, what to do with existing piers and bulkheads, height restrictions, open space, the Ferry Building, and pedestrian access. The firm will also work with the citizens committee and evaluate what has been done in the past and will make sure an adequate job is done. It is essential to develop a plan to maximize development of this community resource and to do an adequate job takes time and considerable money.

Ms. Blomquist asked about the proposed time schedule, and Mr. Conrad responded that a total of eight months would be required to do the work. Mr. Hamilton indicated that the consultants would work with the Northeastern Waterfront Committee and also coordinate closely with the other consultants in the team, and all these services are included in the contract.

Mr. Lee inquired about the ethnic composition of the RCMA firm, and Mr. Hamilton responded that there originally had been some concern about this, but the firm has negotiated an affirmative action program and has agreed to strengthen itself by hiring one woman and one non-Asian minority person, and he noted that Rockrise himself is Japanese. Other firms on the team have also been asked to hire minorities to bring their number to an acceptable level within thirty days.

President Wexler asked how the factors were weighted for selection in reaching a decision, and Mr. Hamilton responded that in the analysis of the principals it was determined from Mr. Rockrise's extensive urban design work that he was the most highly qualified. The individuals comprising the team were analyzed for their relative strength in each of their specialties, as well as their grasp of problems concerning the waterfront. Many of those comprising RCMA were also on other teams but when coming together as RCMA they made it the strongest in competition. President Wexler inquired if RCMA had been selected unanimously, and Mr. Hamilton indicated that a clear majority had become unanimous since RCMA was always the top three of

four selected by the panel and then ultimately was first choice.

Ms. Berk inquired about the source of funds for the contract and whether part of the money came from the Agency, Planning Commission, and Port, and Mr. Hamilton reiterated that the City Planning Commission provided \$86,000 and the Agency \$80,000, and no funds came from the Port. Ms. Berk inquired about the scenarios mentioned by Mr. Conrad as a possible way to proceed with the project and whether the Agency would become involved in the ultimate plan selection. Mr. Conrad indicated that basically an attempt is being made to have the Agency Commissioners act as an official governing body for convenience of administration of the contract. Reports will be made at various times, but the decision point will be at the citizens committee level and that is provided for in the overall action program. At the time such a plan selection is made, the matter will be brought back to each of the three Commissions. He indicated that the Port Authority did not provide money, that a portion of the funding was community development money, and the only two agencies receiving such funds were the Department of City Planning and the Redevelopment Agency. There will be a request coming through staff for additional money in the 1979 Community Development program grant as a part of an overall budget request. The concept is to be through planning and into an action program within a year, and this will be a difficult schedule because it will take time to get a consensus on what will be done on the waterfront.

President Wexler inquired if the Planning Commission had approved the appropriation of the \$86,000, and Mr. Conrad responded that the Director of Planning, Rai Okomoto, had signed a letter to transfer the money today. President Wexler inquired if a contract would be brought back before the Commissioners for execution, and Mr. Hamilton answered affirmatively.

MOTION: It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that a contract for design consultant services with Rockrise Odermatt Mountjoy Associates (ROMA) be negotiated for the Northeastern Waterfront Survey Area.

- (d) Resolution No. 87-78 authorizing the Executive Director to enter into a rental agreement with the San Francisco African-American Historical and Cultural Society for parking purposes in Block 768, Lot 8, Western Addition Approved Redevelopment Project Area A-2.

This item concerns a rental agreement for the interim use of a 5,750 square-foot parcel at the northwest corner of Gough and McAllister Streets for parking purposes by the San Francisco African-American Historical and Cultural Society in Western Addition Area A-2. This nonprofit organization provides a museum, library, and visual arts gallery as well as sponsoring a senior citizens and youth program. It is recommended that a rental of \$10 on a month-to-month basis be charged. Mr. Hamilton indicated that the Society had been moved to 680 McAllister Street as a result of redevelopment activity. President Wexler asked what was planned for this parcel and Mr. Hamilton asked Mr. Suttle to respond. Mr. Suttle indicated that the parcel had been offered to an adjacent commercial lithographer, but there was no interest expressed in it.

President Wexler inquired if he could be supplied with a map showing those areas not yet designated which will reflect the current proposed uses for those undeveloped areas under the existing Redevelopment Plan, because he would like to know what specific uses would be sought for these and also any time estimate when these parcels might be coming forward. Mr. Hamilton indicated that information would be ready within two to three weeks, but first approval of the certificate program was needed because it has some bearing on what disposition would take priority. There will be identification of all parcels which will be put on the market shortly.

Ms. Blomquist inquired if the Society would be using the lot for parking, or would they be renting it out, and Mr. Hamilton responded that the Society wished to maintain the lot for its own use.

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

Mrs. Rogers inquired why the certificate program affected marketing of the land, and Mr. Hamilton indicated that he would comment on this during discussion of the certificate program. The certificate program was developed ten years ago, and there are now different developmental circumstances which had to be updated. President Wexler concurred, noting that there had been some possibility of misinterpretation and confusion of the existing program and these needed to be clarified before proceeding with a future offering. Mrs. Rogers inquired about the rights of a certificate holder to sue for developmental rights for a parcel of land when it had already been advertised for bid. Mr. Hamilton indicated that because sections of the program may be ambiguous, the criteria had been reviewed and a revised program would be considered. Mrs. Rogers asked about other parcels people had certificates to and would they be notified as certificate holders that the land had been offered, and Mr. Hamilton answered affirmatively.

- (e) Resolution No. 91-78 authorizing the Executive Director to enter into a legal services contract in connection with Western Addition Approved Redevelopment Project Area A-2.

President Wexler indicated that this item would be held over for one week at the request of the staff.

- (f) Resolution No. 76-78 rescinding certain previous resolutions establishing property owners and occupant preferential policies and adopting a new policy governing property owner and occupant preferences in the Hunter's Point, Western Addition Area A-2, and the Stockton/Sacramento Approved Redevelopment Project Areas.

Mr. Hamilton indicated that the certificate program before the Commissioners today revises a program designed in 1967 to insure displaced residents priority to re-enter the project area. Prior to this time, the Agency had no program which would offer priorities for housing opportunities for low-income persons, but through legislative changes new programs were initiated to encourage construction of subsidized housing units and the Agency was then able to offer displaced residents priority to re-enter the project area. Prior to this time the Agency had no program which would offer priorities for housing opportunities for low-income persons, but through legislative changes new programs were initiated to encourage construction of subsidized housing

units and the Agency was then able to offer displaced residents an opportunity to return to the area. At that time, a policy was adopted which required a certificate of preference to be issued to each displaced family or individual. This policy proved to lack clarity in certain aspects and operation of the program since that time has effected changes and modified procedures. These became obvious during offering of market-rate land in Western Addition A-2, and current practice and written policy have been re-evaluated. This modified program is intended to address the issues which are being considered today regarding matters of preference.

Mr. Mills indicated that one of the major changes is to clearly limit on the number of certificates. The new program clearly defines that only one certificate may be issued to a person or entity whether or not preference occurred on other properties or projects. It recognizes, however, the validity of seventeen existing certificates controlled by seven certificate holders. All these will be honored. The second change concerns the use of certificates. Certificate holders have always been permitted to exercise their certificate in a rental and again to upgrade their housing status by purchasing rehabilitated buildings. The revised language now formally provides for this and for a certificate holder in a rental unit who wants to upgrade his housing status from a renter to that of a purchaser by buying into low-to-moderate income units, or Section 236 cooperative housing units. Mr. Mills indicated it was important that the program clarify the Agency's desire to aid people in the upgrading of their housing to the greatest extent possible. Regarding the use of the certificates, the program now also defines how these are used by a partnership or corporation and to do this the certificate holder must own outright 51 percent of the partnership or corporation, which must have a noncollusion affidavit signed by the certificate holder. Also, the certificate holder must demonstrate he has no interest in selling his interest in the corporation and sale is prohibited until after completion of new improvements and/or rehabilitation. In regard to cleared land, the program will show how the certificate is to be used where parcels are offered for purchase at fixed prices. Developers of such parcels are selected by the Agency based on the extent to which the proposed development serves the needs of the project and the city. Mr. Mills indicated that meetings have been held to advise people of the modifications in certificate of preference programs.

Mr. Suttle indicated that notification has been sent to all businesses that have been displaced, alerting such interests to the preference offered in anticipation of an opportunity to participate in the UDAG program. There will be a follow-up with mailings regarding assets and the kind of businesses people will want to go into, and there will also be an updating of information about certificate holders. Decisions must be made and the Agency will develop general criteria in selection, but this is yet to come forward.

Ms. Blomquist referred to page 2, II. Eligibility for Preference Item 2, in which it is stated that a residential certificate is valid until two years after date of project area closing. Mr. Mills indicated that there was a possibility of vacancies occurring after the project closed, because of turnover. Ms. Blomquist referred to page 10, VII. Additional Certificates-Families, third line, regarding what criteria there was and what the word "may" meant. Mr. Suttle responded that the program stated that if the applicant was independently eligible at or before the time of displacement

the Agency "may" issue additional certificates to families or family members whenever (1) family units or individuals in one household wish to be separated, or (2) whenever family members wish to live separately and apart from the family so that in effect two households are created. Mr. Hamilton indicated that there may be adult children in the household and certificates would be issued depending on how many families were in the household. Mrs. Lee Cayton, Housing Supervisor, indicated that there would be as many certificates issued as appropriate. President Wexler complimented the staff for its work in putting together the preference program, indicating his belief that because of the importance of the long-range implications, it was necessary to be certain that the certificate holders get first priority. He inquired if under this revised program there would be a differential between some certificate holders, and Mr. Suttle responded that in rehabilitated offerings the certificate holders will

have absolute priority before the property is offered to the general public. Mrs. Cayton indicated this was shown on Page 8 in Item C under Rehabilitated Structures and Structures to be Rehabilitated. President Wexler inquired if there were other areas that the certificate holder had absolute priority, and Mr. Suttle responded that in Section 236 units the developer or sponsor must make choices between tenants, but that those developments were to give first priority to certificate holders. Mrs. Cayton indicated there would be priority to certificate holders provided they possess the qualifications. The priority is noted in the disposition agreement with the developers, but the order is in the certificate program. President Wexler asked where the program referred to rentals, and Mr. Suttle responded that this would be on Page 7 under Residential and Business Certificate Holders, Section A, Items 1, which lists the order of priorities covering business certificate holders under the Priority for Rental or Purchase of Cooperative Shares in Moderately-Priced Private Housing Developments.

President Wexler indicated this appeared to be for market-rate housing and the certificate would constitute a tie-breaking factor, as referred to on Page 9. He inquired how this would fit in with Victorian Square, and Mr. Suttle responded that Victorian Square is an exception and had a special disposition method. This reference is in Section VI under Exceptions of Preference, and relates to such disposition methods. He noted for example, that an individual in the Nihonmachi developing a parcel in that area will have been deemed to have exercised their only certificate. Ms. Blomquist indicated her understanding that the certificate holder using his priority in the Nihonmachi has no other certificate and Mr. Suttle concurred this was so only if he was a developer. President Wexler asked what were the essential differences between this program and the program currently in effect, and Mr. Hamilton replied that over the course of the past ten or more years certain procedures had been evaluated by practice and the presently proposed certificate program in effect sets forth the Commissioners' policy more clearly. Mrs. Cayton indicated that the section on exceptions to preference was a new addition, because the previous program did not provide for a person who had exercised his certificate in a rental to then later use it to upgrade his housing by purchase of a cooperative housing unit. President Wexler inquired about the number of new certificate holders to be generated in the future, and Mr. Hamilton responded that the majority of the certificates had already been issued and the issue was only one of redefining an official Agency policy on use of the certificates. President Wexler also inquired why the certificate holders received total priority for property that can be rehabilitated as

NEW BUSINESS (continued)

opposed to buying back cleared land. Mr. Suttle indicated that the Agency's policy was mainly to encourage people to upgrade themselves by becoming property owners and this policy would permit them to use their certificates to achieve an ownership status. Mr. Hamilton noted that rehabilitation was at a fixed price and not based upon other types of evaluation.

Mr. Lee referred to page 4, Item 2, under Property Owner, Nonoccupant Eligibility, and asked what would happen if a parcel were owned on a 50-50 basis and one of the owners wanted to keep the certificate and the other did not. Mr. Suttle responded that each must agree as to whose name would go on in that case, or if both were to use the certificate then both names would be required to appear on it, since only one certificate would be issued. Mr. Lee indicated that if they could not come to an agreement they may need to be given two certificates, and Mr. Suttle responded that only one was to be issued. Mrs. Cayton stressed that only one purchase could be made using the certificate. Mr. Mills indicated the same situation existed as far as relocation claims go because all the entities have to get together and present only one claim. Ms. Shelley asked if this were different for families and Mr. Mills responded that the nature of the program itself is directed toward ensuring housing opportunities for families and Mr. Hamilton indicated that in some cases family divisions had to be recognized, but the Agency honored only one certificate per business. Agency General Counsel Leo E. Borregard, indicated that the situation deals with a property owner who is a nonoccupant, and President Wexler suggested that the legal division clear up some of the ambiguities. Mr. Borregard indicated his belief that these existed in the original agreement, but were now eliminated.

President Wexler referred to page 2 where the program shows blanks for dates and asked what factors determined what dates to use. Mrs. Cayton responded that there are generally two different dates and one is when the Board of Supervisors approves the Redevelopment Plan and the other is when the money is made available. In one instance under Section A the certificate holder is someone who has been displaced when the Agency acquired his building, and under Section B the certificate holder is someone who is moving either before or after the Board of Supervisors has made a designation of a redevelopment area, which has some limitation. Mr. Benny Stewart of WAPAC came forward and inquired if this policy would generate new certificate holders beyond the project area, and President Wexler responded that the program was not anticipating there would be a number of new holders. Mr. Suttle noted that new certificate holders were generated through the Agency's acquisition of new properties in which there were businesses or residential displacees, but most of these have been completed. There are no more than 90 to 150 residential households yet to be relocated. Ms. Shelley indicated that it appeared the greatest number would be generated when a new project is designated and Mr. Hamilton confirmed this understanding.

Mr. Arnold Townsend of WAPAC came forward and indicated that there could exist a circumstance where a person having two certificates who has lived in the project area, has a residential certificate and also operated and owned his own business. He believed that such persons should receive both a residential and a business certificate. He indicated that the Agency should prepare individuals to return to their former status. Mrs. Cayton indicated that these people may choose, as indicated under Section B of Business

NEW BUSINESS (continued)

Certificates on pages 3, 4 and 5 of the program. Ms. Blomquist asked why they had to make a choice and Mrs. Cayton cited the case where seven certificate holders may control as many as seventeen certificates which would enable them to buy up all the rehabilitation properties available. With the exception of upgrading of rentals there would be only one certificate, so the property owner must choose one type of certificate that would be most beneficial to his needs.

Mr. Townsend indicated that he had in mind a property owner who lived on Eddy Street who also had a business but who had only a residential certificate. He believed there should have also been issued a business certificate so that the owner could buy two buildings but one for residential and one for commercial use. Mr. Mills indicated that the certificate program could be exploited by people who had many properties and the idea was to offer it so everyone would have one opportunity to use it. He indicated that Mr. Townsend's case was not typical. Mr. Hamilton asked if there would be any problem in making this change, and Mr. Suttle responded that it had not been a matter of discussion but he believed it could easily be changed and Mr. Mills confirmed that it would not be contrary to the policy.

Ms. Blomquist inquired whether this would be one residential and one business certificate if the residence was occupied by the holder of the certificate and Mr. Townsend stressed his belief that this should be limited to an owner occupant who also ran a business in the area.

President Wexler referred to page 4, Section III on Limit on Number of Certificates, and suggested that an exception be put in that does not limit a person from having both a business and a resident occupant certificate. Ms. Berk asked what would occur if the person were a renter and had a business also, and Mr. Townsend indicated that such an individual fulfilled the requirement of being a residential occupant. President Wexler inquired if this policy had been reviewed by both WAPAC and the Bayview-Hunters Point Joint Housing Committee, and Mr. Townsend answered affirmatively but noted that this issue had just occurred to him now. Mr. Borregard indicated that inclusion of this clause presented no problem. Mr. Townsend indicated that the certificate holder involved in purchase of property should be restricted by a time limit in selling the property after it has been completely rehabilitated to satisfy the intent of the Federal Government that no speculators would come in. He indicated five years' time was suggested, otherwise the property in Victorian Square, for example, could turn over owners every two or three years at a substantial profit. Mr. Hamilton inquired if this suggestion was to apply to certificate holders or to all dispositions and Mr. Townsend indicated both. Ms. Blomquist indicated her belief that an owner should not then sell his property for five years and President Wexler indicated this was a good point and opened consideration that went beyond the certificate program. He concurred that if the Agency supplied property to people at below fair-market value there would be a need to insure that this subsidy is not turned into a profit. These should be provision for a rebate of subsidies that went back into the program or development if such a profit was made. Mr. Townsend indicated there was no intent to restrict the general public from bidding since it could own as many properties it wished, because it had

NEW BUSINESS (continued)

the money to do so whereas the certificate holder could only use the certificate once. He believed that there should also be a mix of property owners of community people in some form outside the area. He expressed concern that holders of the rental certificates did not have an adequate preference because the sponsor and developer can turn a renter down and WAPAC cannot make an owner put someone in an apartment. He believed that WAPAC should be notified before the renter is turned down, and before all the apartments are gone, and not after all the rent-ups are finished. Mr. Hamilton asked what responsibility the sponsors had in notifying staff, and Mrs. Cayton indicated this would be spelled out in the disposition agreement in the certificate program. The staff lists all applications it refers. She believed Mr. Townsend was referring to the rent-up of Laurel Park Gardens where the developer had rejected someone and was late in sending WAPAC the reasons for the rejection. There was nothing WAPAC could do to protest, and she believed the requirement for sponsor actions should be tightened in future disposition agreements. Mrs. Cayton indicated that staff received a status report on rent-ups every two to three weeks. Mr. Townsend indicated that the disposition agreement has been a problem with Laurel Gardens.

Mrs. Mary Rogers of WAPAC indicated that the landlord can refuse or accept a tenant and she believed a requirement should be included in the disposition agreement that the manager or sponsor be responsible for housing those people referred to them, should be the Agency.

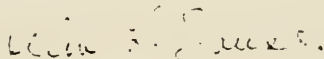
President Wexler asked how staff would go about incorporating the suggestion of Mr. Townsend regarding the preference for a residential and business person to receive two certificates, and asked Mr. Borregard to advise him procedurally if this could be done today. Mr. Borregard indicated that it could be done if the Commissioners wished to incorporate it, and Ms. Blomquist suggested amendment of the agreement and adoption of it with the understanding this would be incorporated. President Wexler indicated that the agreement be amended to allow residential occupants and business certificate holders to have two certificates .

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted with suggested modifications and amendments.

ADJOURNMENT

It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that the meeting be adjourned to executive session. The meeting adjourned at 8:10 p.m.

Respectfully submitted,



Helen L. Sause
Secretary

MINUTES OF A SPECIAL MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
25TH DAY OF APRIL, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a special meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 25th day of April, 1978, the place, hour and date duly established for the holding of such meeting.

The President called the meeting to order, and on roll call the following answered present:

Howard M. Wexler, President
Charlotte Berk
Dian Blomquist
Rubin Glickman

and the following were absent:

Joan-Marie Shelley, Vice President
Melvin D. Lee
Dr. Hannibal A. Williams

The President declared a quorum present.

Mr. Redmond F. Kernan, Acting Executive Director, and staff members were also present.

Also present were Commissioners Toby Rosenblatt, Charles Starbuck, Susan J. Bierman, Ina F. Dearman, Yoshio Nakashima and George Carey, and Secretary Lee Woods of the San Francisco Planning Commission; Mr. Rai Okamoto, Director of Planning, and Dr. Selina Bendix, Environmental Review Officer of the City Planning Department; Mr. John Igoe, Office of the Chief Administrative Officer; Mr. Richard Sklar, Director of Projects, Office of the Mayor; and Mr. Lloyd LeBlanc, Consultant.

President Wexler indicated that this special meeting was continued from the meeting of April 11, 1978, and requested the Secretary to state the purpose of the meeting.

Ms. Sause stated that the purpose of the special meeting of the San Francisco Redevelopment Agency was to participate in the continued joint public meeting with the San Francisco City Planning Commission to consider certification of the Final Environmental Impact Report (EIR) for Yerba Buena Center.

President Wexler noted that a separate meeting had been noticed for this date on April 21, 1978, and suggested that the continued special meeting and the special noticed meeting be consolidated.

RULE OF THE CHAIR: President Wexler indicated that subject to the objection of any Commissioner of the Redevelopment Agency, both such meetings would be consolidated. There being no objection, it was so ordered.

President Wexler indicated that the continued joint public meeting will include review and discussion by the Commissioners of the oral testimony received at the

April 11, 1978 joint public hearing and the written comments on materials contained in the revised and expanded Appendix D4 and the "Errata and Clarifications" the staff prepared in response thereto. He stated that in accordance with the procedures announced on March 14, 1978, for the joint meetings, the Chair is to alternate between the Planning Commission and the Redevelopment Agency. Since President Wexler had chaired the last meeting on April 11, 1978, the Chair for this meeting would be Mr. Toby Rosenblatt, Chairman of the Planning Commission.

Chairman Rosenblatt indicated that the Commissioners were to ascertain whether the EIR is an adequate document as required by applicable laws and ordinances. He noted that the joint public hearing conducted on April 11, 1978 concerned receipt of additional public testimony on specific portions of the proposed Final Environmental Impact Study (EIS). These were (1) the materials contained in the revised and expanded Appendix D4, which was appended to the "Addendum - Comments and Responses", dated March 7, 1978; and (2) the materials contained in the "Addendum - Errata and Clarifications" dated March 14, 1978. Chairman Rosenblatt noted that following the close of public testimony on April 11, 1978, the staffs of the Redevelopment Agency and the Office of Environmental Review evaluated the written comments and oral testimony and prepared written responses to the significant points raised. These responses were delivered to the Commissioners for their review and consideration by April 20, 1978. He noted that today's meeting would concern the review and discussion of this oral testimony and written comments, and the prepared responses. In addition, the Commissioners would consider taking final action on the certification of the proposed Final EIR for Yerba Buena Center.

Mr. Thomas G. Conrad, Chief of Planning for the Agency, indicated that there were three brief procedural matters to introduce into the record. The first was the responses and comments resulting from the April 11, 1978 joint public hearing which are submitted as Exhibit No. 12. He indicated that one of the items submitted as a response from the March 7, 1978 comments, numbered 107 and included on page 76 of the EIR, required correction. Mr. Conrad indicated that it originally read, "This has not been done, because . . . the Redevelopment Agency does not propose to use tax allocation bonds for any of the Yerba Buena Center facilities." This has been revised to state in the clarification on page 278 of the EIR: ". . . the Redevelopment Agency is not certain at this time of the scope or magnitude of public improvements necessary to complete the Yerba Buena Center Redevelopment Project."

Mr. Conrad noted that finally he wished to enter into the record the modified Agency resolution numbered 56-78 which has been revised to correct minor changes on the first page. Mr. Conrad indicated that these changes were included in the resolutions given the Commissioners. He requested that the Secretary replace Exhibit #4 with this resolution, and renumber it Exhibit No. 4A. Dr. Selina Bendix, Environmental Review Officer, indicated that Exhibit No. 5, the resolution of the Planning Commission, also required comparable modifications and requested that the Secretary substitute the revised resolution and label it Exhibit No. 5A. Dr. Bendix indicated that this concluded staff comments.

Commissioner Susan J. Bierman requested Dr. Bendix to comment on the incorporation of the Economics Research Associates (ERA) report in the EIR. Dr. Bendix stated that the ERA report is not a part of the EIR; however, it had been transmitted to those persons who wished to read the report before acting on certification

of the EIR. Dr. Bendix indicated that if the report was made part of the EIR, the report would have to be independently evaluated and accepted as valid and appropriate for inclusion by the City and the Redevelopment Agency. She indicated that as long as the report was only a matter of information, no further action on it was necessary. Ms. Bierman inquired if in the future the ERA report would be the subject of an environmental evaluation, and Dr. Bendix responded negatively, noting that such an evaluation would not be made unless the Planning Department was specifically requested to do so. She noted that if the Redevelopment Agency proceeded with building a theme park in the Yerba Buena Center convention area, then all information relevant to such a development may become appropriate for an environmental review. Dr. Bendix stressed that the EIR was intended to provide a master plan for environmental consideration for developments in Yerba Buena Center. She indicated that it did three specific things: (1) It is an EIR for the convention center; (2) it served as an EIR for possible Redevelopment Plan amendments; and (3) it is a master EIR to provide the framework for any future development. Mr. Conrad concurred and noted that with respect to the theme park, the Agency would work closely with the Office of Environmental Review if another EIR was required which would be supplemental to the document now being considered by the Commissioners. Mr. Conrad stressed that the ERA report represents a market feasibility study only and is not a proposal for the theme park. Ms. Dearman inquired what would necessitate such an evaluation by the Agency, and Mr. Conrad indicated that a concrete development proposal would be a sufficient basis to evaluate the environmental aspects of such a development.

Ms. Blomquist indicated that she had questions concerning the comments and responses. She inquired about the rents projected on page 210 of the EIR, which is titled, "Comparison of Rental Rates, Brooks Hall/Civic Auditorium." Ms. Blomquist noted that it appeared Brooks Hall will rent for \$3,300 a day, and that the convention center is expected to have a rental of \$10,000 a day. She asked if this was comparable to the daily rental of other convention centers. Mr. John Igoe, Project Coordinator for Yerba Buena Convention Center, Office of the Mayor, indicated that the difference in rental income between Brooks Hall and the convention center related to the amount of net leasable space, for Brooks Hall has 77,200 square feet, and the convention center has 195,000 square feet. The projection for the convention center is comparable if the square footable is averaged. He also noted that the projected rates are essentially comparable to other convention centers such as those in Las Vegas, Anaheim, Los Angeles, and Atlanta.

Ms. Blomquist commented that on page 216, Response No. 146, No. 1, the EIR indicates that 1700 to 3400 new jobs would not be generated on a permanent basis if A or B alternatives were selected for the convention center. She inquired about the validity of these job projections. Mr. Lloyd LeBlanc, Consultant, indicated that job projections were analyzed in Appendix B4 on pages 117 and 118, and essentially are projected as the high and low range of direct and indirect employment that could be associated with the convention center. Ms. Blomquist indicated that these responses clarified the points about which she had been concerned.

Chairman Toby Rosenblatt inquired if there were other questions or comments from the Commissioners, and it was indicated that there was no additional discussion.

President Wexler indicated that the Commissioners of the Redevelopment Agency had only received the amended Agency resolution today and noted that a discussion of the matter may be necessary to assist the Agency Commissioners in their deliberation on the matter. He indicated his understanding that adoption of Resolution No. 56-78 certified that the Commissioners had reviewed and evaluated the Final EIR and that they were satisfied there is substantial evidence to support the statements contained in the resolution.

Ms. Blomquist indicated that she would like Mr. Borregard to advise her if the amendment of the Redevelopment Plan was included in the resolution. She referred to page 7 which indicated that the resolution contemplated possible amendment of the redevelopment plan and asked Mr. Borregard to explain what this meant. Mr. Borregard indicated that an amendment of the existing redevelopment plan would be required to incorporate the alternate selected. Ms. Blomquist inquired if it meant that a new EIR would be required for the theme park, and Mr. Conrad answered negatively, noting, however, that it may require supplemental review. Ms. Ina Dearman inquired if there could be a project the size of the proposed theme park without an EIR, and Dr. Bendix indicated that any decision on the matter would have to be considered in accordance with what was being proposed for development. Dr. Bendix reported that any action contemplated on amendments to the Redevelopment Plan had been covered by the EIR, and she believed it would be unnecessary to have an additional EIR prepared. However, a particular development could potentially require further environmental review. President Wexler indicated his understanding that the alternatives in the EIR could be implemented without further review and that the development proposals, depending on their size, could require further environmental review at the time the specific implementation was considered. Dr. Bendix concurred and indicated her belief that in practice whenever the Redevelopment Agency proposed to approve a development, an evaluation would be made as to whether further environmental review was needed. She noted that if it was a minor proposal, it would probably be judged unnecessary to perform further environmental reviews. However, if there was a major development, then it may be appropriate to perform an environmental review.

In response to President Wexler's inquiry, the Redevelopment Agency Commissioners indicated that there were no further questions on Resolution No. 56-78.

MOTION: It was moved by Mr. Glickman and seconded by Ms. Berk that Resolution No. 56-78, finding and certifying that the Final Environmental Impact Report concerning project activities in the Yerba Buena Center Redevelopment Project Area was adequate, accurate and objective, be adopted.

Ms. Berk indicated that she had a question concerning the economic impact and provision for financing the center. She recalled that the San Francisco voters, in November 1976, had approved the convention center and that it appeared the present proposals represented the best projection now possible for construction of the center. She noted that she had been most concerned about the economic aspect of the development. She was prepared to act on the EIR with the understanding that the best financial projections had been made and that although there were no guarantees that these would be completely implemented, she believed that they had been thoroughly considered.

Minutes of a Special Meeting, April 25, 1978

Ms. Blomquist indicated that she would have liked to have had an Alternate E proposed which would have addressed the development of a "Tivoli Garden" without the convention center.

President Wexler inquired if there were other comments, and there being none he noted that there was a motion pending.

Resolution No. 56-78 finding and certifying that the Final Environmental Impact Report concerning project activities in the Yerba Buena Center approved Redevelopment Project Area is adequate, accurate and objective.

ADOPTION: It was moved by Mr. Glickman, seconded by Ms. Berk and unanimously carried that this resolution be adopted, and on roll call the following voted "Aye":

Ms. Berk
Ms. Blomquist
Mr. Glickman
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

None

The President thereupon declared that the motion carried.

Chairman Rosenblatt proposed that the Planning Commissioners consider adoption of their Resolution No. 7844 as amended, and following discussion they approved the resolution, with Mr. Starbuck voting against the resolution.

Chairman Rosenblatt asked if there was any further business for the joint certification meeting, and there being none, the president of each body entertained the necessary action of adjournment of the joint certification meeting and the special meetings.

President Wexler indicated that he personally appreciated the work of all of those who had participated in the project and the effort of citizens, including the Mayor's Select Committee on Yerba Buena, for their input. He believed that the final report, which may not totally satisfy everyone, is a document which will give decision-makers sufficient information to formulate policies for the project.

ADJOURNMENT

It was moved by Ms. Blomquist, seconded by Ms. Berk, and unanimously carried that the joint certification meeting and the special meetings be adjourned. The meeting adjourned at 5:20 p.m.

Respectfully submitted,

Helen L. Sause

Helen L. Sause
Secretary

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
2ND DAY OF MAY 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 2nd day of May 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Dian Blomquist
Rubin Glickman
Dr. Hannibal A. Williams

and the following was absent:

Melvin D. Lee

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The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Mary Rogers, Ed Crocker, Benny Stewart, George Collins, and Arnold Townsend, Western Addition Project Area Committee (WAPAC); Chester Hartman and Victor Honig, Citizens Committee on Yerba Buena Center; Maria Galatti, Friends of Tivoli; Fillmore Marks, Banker and Marks; Richard McElyea, Economics Research Associates; Richard Sklar, Chief Administrative Office of the City and County of San Francisco; Ian Donald Turner and Martha Senger, Goodman Building Development Corporation; L. Vickers, San Francisco Port Authority; Donald Flynn, Burger King Restaurant; Piero Patri, Whisler/Patri Associates; Richard Salladin, Orrick Herrington Rowley and Sutcliffe; Richard Gryziec, Yerba Buena Gardens; Dr. Carlton B. Goodlett, Kimball Park Townhouse Condominiums; Wilbur Smith, Wilbur Smith and Associates; and George Rockrise and staff members of ROMA.

Representing the press were Marsall Kilduff, San Francisco Chronical; Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

It was moved by Ms. Blomquist, seconded by Dr. Williams, and unanimously carried that the minutes of the Regular Meeting of April 10, 1978 as distributed by mail to the Commissioners, be approved.

President Wexler welcomed Dr. Williams back after a long illness.

SPECIAL APPEARANCES

- (a) Public hearing to hear all persons interested in the matter of the consideration of whether the Redevelopment Agency of the City and County of San Francisco shall enter into a Project Lease with the City and County of San Francisco, a municipal corporation, for the

SPECIAL APPEARANCES (continued)

leasing of certain land in the Yerba Buena Center Approved Development Project Area D-1, for the purpose of construction by the City and County of San Francisco of a convention center, together with appurtenances in connection therewith for public assembly and convention purposes. The Redevelopment Agency proposes to consider whether to enter into the Project Lease and to lease said project land, known as Disposition Parcel 3734-A, to the City and County of San Francisco. (Continued from April 4, 1978)

Ms. Blomquist requested that Agency General Counsel, Leo E. Borregard, comment on the project lease, and he indicated that essentially it concerns the manner in which the bonds in connection with the project lease were to be issued by the San Francisco Redevelopment Agency. President Wexler indicated that cards had been made available for persons to indicate that they wished to speak on this matter. He noted that he had requests from Messrs. Victor Honig and Chester Hartman to speak to the issue, and inquired if there were others wishing to speak. There being none, he invited Mr. Victor Honig of the Citizens Committee on Yerba Buena Center to come forward.

Mr. Honig indicated that he wished to speak about the proposed project lease because he believed there were some items which were not particularly clear to some people who had been following the course of the Environmental Impact Report in carrying through the convention center project. He indicated that last week the Commissioners had voted to adopt the Yerba Buena Center Environmental Impact Report (EIR) as being complete, accurate, and adequate. At that time he alleged that the Commissioners already had in their possession the project lease which they were considering today. The text of the EIR stated that the hotel tax could support an annual rental of \$7,300,000 based upon a bond issue of \$78,500,000, yet the lease now being considered called for an annual base rental of \$10,200,000 predicated upon a bond issue of \$97,000,000. Mr. Honig indicated that since the EIR was unanimously adopted as being accurate, how could the Commissioners now accept a lease which he believed required a different and much higher rental. Above and beyond the funds provided by the hotel tax, the lease calls for additional rental which will come from the general fund of the City and County of San Francisco. Among the items listed as being payable by the City are cited in Section 3(b)(2) page 5, as follows: "All administrative costs of the Agency, including. . . salaries, wages, all expenses, compensation of the trustee payable by the Agency under the resolution fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Agency or charges required to be paid by it in order to maintain its existence. . . ." At page 7, line 23: "The City covenants to take such action as may be necessary to include all such rental payments due hereunder in its annual budgets and to make the necessary annual appropriation for all such rental payments." Mr. Honig questioned the meaning of this. He believed that Proposition S was merely a statement of policy and at page 2, line 19, it was referred to as a directive. He also indicated that it was stated that the City would sell lease revenue bonds, the debt service for which would be met by a four per cent hotel tax levy.

SPECIAL APPEARANCES (continued)

He indicated that now a project lease was to be executed, the base rental of which is not to exceed the four per cent hotel levy, which also appeared to contain additional expenses, including those necessary to maintain the existence of the Redevelopment Agency, and he was concerned because these expenses would come out of the general fund. Beyond that, Mr. Honig indicated people were being advised that the hotel tax proceeds were not pledged for the base rental but were merely a measure of rents.

Mr. Honig indicated his belief that the Commissioners and the citizens of the city should be given all of the facts concerning the convention center in order that a more intelligent vote could be forthcoming.

President Wexler stated that the Commissioners had not received the proposed project lease until after their vote on the EIR. It was sent to the Commissioners under memorandum dated April 28, 1978, and had not been received until after that date. Mr. Honig thought this strange because he had had a copy of the lease since April 6, 1978, but President Wexler indicated that to the best of his knowledge, no Commissioners had had the lease before the 28th.

Mr. Chester Hartman of the Citizens Committee on Yerba Buena Center came forward and indicated that the Commissioners were being asked today not only to validate a technical procedure in the EIR process attesting as to whether the document was complete, accurate, and adequate, but also to play the role of public policy makers which meant the Commissioners must make substantive judgments regarding the merits of the lease agreement, exercising their sense of what was right or wrong or good or bad. He indicated the action on the proposed lease and bond resolution placed the Agency in a peculiar role since it is also to be the issuer of bonds and the owner of the convention facility until the bonds are paid off. He noted that this was also complicated by the fact that the Agency would not be the developer, operator, or the entity having financial responsibility for paying the various costs associated with the construction and operation of the center over the next 30 years. As he saw it, the Agency's role was essentially as the party in the lease to protect the interests of the bondholders by imposing a set of financial conditions on the City which would guarantee payment of the lease revenue bonds.

Mr. Hartman indicated that the financial obligations included the \$10.2 million annual base rental and an open-ended annual additional rental for insurance, taxes, and Agency administrative costs related to the bond issue. He believed that the City would be required to pay a substantial part of the Agency's operating costs over the next 30 years. Also included was an open-ended commitment on the part of the City to pay for all utility, water, telephone, repair, maintenance and improvement costs, which does not include future capital expenditures for modernization that would be required some ten to fifteen years down the line. Mr. Hartman emphasized that these last two categories of cost, that of additional annual rent and utility/maintenance costs, were not only open-ended but would not come from the hotel tax fund,

SPECIAL APPEARANCES (continued)

but from the City's general fund, as will the increased deficits for the Brooks Hall which are not part of the lease but which he believed this lease would make inevitable. He claimed that the Agency could take the position that this issue was up to the Mayor and Supervisors to consider the public policy aspects of the lease but he questioned whether it was in the City's interest to enter into the lease with such open-ended, long-term financial commitments and highly speculative benefits to the City's economy. He was of the opinion that although the Agency was technically an autonomous body it had greater responsibilities where the Agency was functioning as a landlord for the City. He believed the Agency should have as much, if not more, concern than the Mayor and Supervisors with regard to the best financial interests of the City. He urged the Commissioners to make a judgment about public policy implications of the EIR and not just to determine whether it was complete and adequate.

Mr. Hartman considered the lease as an irreversible commitment of tax revenues which could have been spent in other ways had these public monies not been committed to the convention center. He believed that \$300 million was to be expended which would be of questionable benefit, and would provide only 160 direct jobs, and he was also in doubt as to how much actual new business would occur.

Mr. Hartman's next concern was why the taxpayers should pay the costs of providing a convention center that would produce enormous benefits for those who comprise the so-called convention industry. These beneficiaries would be the airlines, hotels, department stores, and restaurants. He gave examples of the higher earnings enjoyed by these entities and questioned the efficacy of the average taxpayer, in effect, subsidizing these businesses for the next 30 years by providing a convention center at no risk or cost to them and with the promise of increased profits. He questioned why the City should build and operate such a convention center at taxpayer's cost to attract businesses that would increase their profits. He believed that these businesses should provide part of the cost, as well. He indicated also that it was the guests who paid the hotel tax, not the convention industry, and it was his opinion that there would be few additional benefits to such people as cab drivers, waiters, and hotel employees because these guests would have visited the city and these would have occurred in any case. Mr. Hartman indicated his belief that the Commissioners had an obligation to the taxpayers as public officials and this proposed lease was not one that should be approved in its present form.

Mr. Hartman urged the Commissioners to respond to five questions, and President Wexler inquired if these were different from ones previously asked at the public hearing of April 4, 1978. Mr. Hartman indicated they were, and presented them as follows: (1) What is the estimated annual rental charges for which the City will be obligated? (2) What is the annual cost to the City for maintenance and utilities? (3) If the City defaults on the proposed lease and the Agency exercises any and all remedies available pursuant to law, would this include suing the City to collect rents due and require it to make such payments from

SPECIAL APPEARANCES (continued)

any source including the general fund? (4) Was it accurate to state that the November 2, 1976 Proposition S directed the hotel tax increase and allocation to Yerba Buena Center or was this a voter opinion statement? (5) What did the statement regarding the hotel tax mean when City officials have stated that the obligation to pay off the bonds was limited to the hotel tax revenues assigned to the project. Mr. Hartman asked if such lease payments were to be included in the City's annual budget whether it would contradict the statement that only hotel tax funds would be used. In regard to question 3, he asked that if the answer were "yes", how could it be maintained that the financing plan for the project would not obligate the City beyond that portion of the hotel tax allocated to Yerba Buena Center.

President Wexler thanked Mr. Hartman and asked if staff wished to respond to the questions raised by Messrs. Honig or Hartman. Mr. Hamilton indicated that the firm of Orrick, Herrington, Rowley & Sutcliffe had had the primary responsibility for preparation of the lease and related documentation and requested Mr. Richard Salladin as the bond counsel to make the response.

Mr. Richard Salladin came forward and indicated that in regard to the questions of Mr. Honig and Mr. Hartman about the reason that the \$10.2 million figure in the financing program is not firm is that there are some items that cannot be known until the bids are received for construction of the Center. Also, the interest rate that the bonds will bear will not be determined until the bonds are bid. It is anticipated that the costs for these items will come in well below the \$10.2 million, but the highest figure has been used for estimating purposes. The questions concerning the Agency's role of servicing the bonds into "perpetuity" is included in the agreement with the City and requires that it pay administrative costs sufficient to comply with the terms of the bonds. Mr. Salladin indicated that the language on conditions refers to a proviso at the end of page 6 which states that such administrative costs will be only those directly connected with servicing the bond. He stressed that it is not a carte blanche payment of the Agency into perpetuity.

Mr. Richard Sklar indicated that the rental charges should not be of concern to the taxpayers because the rents are limited to that payable from the hotel tax and if the City fails to pay its rent the Agency can sue it. The obligation of the City is limited to the amount paid by the hotel tax and no more. In reference to page 2, line 19, dealing with the policy directive which states that a policy directive such as Proposition S submitted to the voters in 1970 is mandatory, Mr. Sklar indicated that this language is in the City Charter which was submitted to the Board of Supervisors to implement the voters' mandate.

President Wexler indicated that one of Mr. Honig's inquiries concerned setting the hotel tax at 4 percent. Mr. Salladin responded that under California law the proceeds of taxes cannot be pledged unless the proceeds are almost identical. President Wexler asked if it were Mr. Salladin's understanding that the City would be liable for paying up to 4 percent of the hotel tax but there was no provision for it to make payments over that amount if there was an insufficiency. Mr. Salladin explained that the City was liable only for funds paid by the hotel tax but not beyond. Mr. Richard Sklar of the Chief Administrative Office of the City indicated that the

SPECIAL APPEARANCES (continued)

proposed lease states that the Yerba Buena Center will be financed by the hotel tax. The funds from the hotel tax would be paid by the people using the hotels as guests. This tax payment is made into the City's general fund. The Board of Supervisors will then appropriate funds not to exceed 4 percent of the hotel tax, and this money will be paid out of the general fund from the hotel tax receipts to retire the bonds. The agreement between the City and the Agency specifies that the City is liable for the rental as long as the amount does not exceed what would be collected from the hotel tax each year. Mr. Sklar again noted that the City does not pay anything other than the expenses incurred by the Redevelopment Agency on this project. He noted that mention was made in the EIR about an operating deficit and this is the difference between the rent collected and the expenses, and the utilities were part of these expenses which were taken into account. Mr. Sklar indicated that these costs will come out of the City's general fund. Mr. Sklar stressed that the revenues from the hotel tax would be deposited in the City's general fund and paid out to meet its obligations for the lease and the trustee bondholders, as well as the operating expenses for the convention center. He noted that the Agency will not be responsible for any costs. Mr. Sklar commented on Mr. Hartman's allegation that the taxpayer would pay for the convention center and stressed that hotel guests will pay for it through the hotel tax. Mr. Sklar referred to page 6, lines 34 to 43 in connection with the question from Mr. Hartman on the voters' mandate. He noted that the legal language in the ballot issue set forth a policy statement and was to be carried out as a directive to the Board of Supervisors.

Ms. Blomquist inquired if the City was obligated to use the general fund to pay the operating funds specified in the lease, and Mr. Sklar responded negatively. He again noted that the funds from the hotel tax pass through the general fund and expenditures are limited to those that can be paid by the 4 percent hotel tax. He stressed that the most the City will pay is the amount available to it from the hotel tax, and Mr. Salladin concurred. Ms. Blomquist inquired about the section of California law that stated the hotel tax could not be set aside for this lease and necessitated the payments from the general fund. Mr. Salladin cited Section 1618 of the State Constitution as judicially constructed from many cases which indicated that the tax funds may not be pledged to defray the obligation not directly related to those providing the funds and can only be used to construct a facility which is directly related to the source of funds. Ms. Blomquist asked if the hotel tax and convention operation were directly related, and Mr. Salladin responded negatively. He indicated that the hotel tax may well be somewhat of an operating expense from the exhibit hall but it was difficult to determine that all tourist money could be attributable to the exhibit hall. Ms. Blomquist indicated her belief that Proposition S required setting this money aside. Mr. Salladin noted that the proposition required that lease revenue bonds be issued for that purpose.

Ms. Berk inquired if for some reason the hotel tax was not sufficient to retire the indebtedness, would the City have an obligation to pay from any other source of revenue money to the bondholders. Mr. Sklar responded negatively noting that the City's obligation is limited to payment only from funds generated by the hotel tax in any given year and if this does not cover the costs it is the bondholder that takes the risk. Ms. Blomquist inquired why the City did not issue the bonds and Mr. Sklar responded that the City was not in a position to pledge proceeds of the hotel tax to retire a revenue bond directly issued by the City. He noted that it was necessary to use an intermediary such as the Agency, otherwise the City would be violating the

SPECIAL APPEARANCES (continued)

State Constitution. Ms. Berk asked what qualifications the intermediary needed to have and Mr. Salladin responded that a nonprofit corporation could have issued the bonds but the Agency has previously performed this service for the City and is experienced and correctly incorporated as an entity to issue the bonds.

President Wexler inquired if Messrs. Honig and Hartman had any comments they wished to make at this time. Mr. Honig indicated that a comment had been made that his letter did not fully include the entire paragraph from the lease pertaining to administrative costs and that this had not been omitted with the intent of misleading anyone. He had only wished to point out that there was no procedure for the City to determine what administrative costs would be allocated to the Agency for serving the bond. He indicated there were no auditing procedures for the City to ascertain whether these expenses were correct or not. He believed there should be a procedure required by the City if it wanted to proceed with the project. He asked to be shown any place in the lease where it stated that the payment of expenses would be limited to the income from hotel tax and where it stated these expenses would not come out of the general fund.

Mr. Hartman indicated he had a question on potential lawsuits, where in the case of default the bondholders would sue the City. He believed that the Agency was responsible as much as the Mayor or the Board of Supervisors to see that City revenues were not used and should not discuss a proposed deficit by saying that the taxpayers would not be responsible. He did not believe this was a good policy and he thought that sales and property taxes would escalate. He was also concerned that the bondholders would take the matter to court and collect.

Mr. Salladin responded that the lease clearly made this the bondholders' risk and that the bonds would carry a higher interest rate because repayment was limited to that available from the hotel tax.

Ms. Shelley indicated she did not wish to be engaged in an ideological debate with Mr. Hartman about the allegations that public funds were being used for a purpose that would increase the profit of private industry, but asked Mr. Sklar to comment on that aspect. Mr. Sklar responded that the basic reason the project was of value to the economic health of the City was because San Francisco is a three-industry city, with services incorporating tourism, banks, insurance, and related business, but not including blue-collar or small manufacturing industries. He stressed his belief that the City must maximize the strength which the City has. He noted that in San Francisco there were many underemployed minorities and youths, as well as non-English-speaking people who would benefit from the building of the convention center which would result in increased employment. The tourist-related industries are of a high labor intensive type. The construction of this center would generate \$55 to \$60 million in new business that would have gone somewhere else. In his opinion the development would provide a direct payroll of \$15 to \$20 million for such persons as waiters, produce haulers, and employees in related fields that would be servicing the center. He indicated this could represent from 1,500 to 2,000 jobs and that the convention center would provide for the economic health of the City in 1980 to 1990 by building up the tourist industry. He believed that the City was in a transition to a tourist/office/services orientation. He stressed that it would be tourists who would

SPECIAL APPEARANCES (continued)

pay for the center and it would not be financed by the taxpayers.

President Wexler indicated that the Commissioners would not be taking any definitive action regarding the project lease at this time, and subject to any objections it would be held over one week.

RULE OF THE CHAIR: President Wexler ruled that the public hearing on the project lease would be continued for one week; there being no objections, it was so ordered.

Agency General Counsel Leo E. Borregard indicated that there may be some changes in the project lease and Mr. Salladin concurred and noted that the continuance of the public hearing for one week would allow time to incorporate such changes and permit the public an opportunity to comment on them.

Agency General Counsel Borregard indicated that the public hearing on the project lease for Yerba Buena Center would be continued to 939 Ellis Street at 4:00 p.m. on May 9, 1978. President Wexler amended the RULE OF THE CHAIR to so indicate.

President Wexler thanked all those who had participated in the discussion and indicated that the public hearing would be continued to May 9, 1978, at 4:00 p.m. at 939 Ellis Street.

- (b) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcels 684-E(5) and 684-E(9), Western Addition Approved Redevelopment Project Area A-2.

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcels 684-E(5) and 684-E(9), Western Addition Approved Redevelopment Project Area A-2. There being no persons wishing to appear, the President declared the public hearing closed.

- (c) Presentation by Mr. Richard Gryziec and the Economics Research Associates on the feasibility study for a proposed recreation/entertainment complex in Yerba Buena Center Approved Redevelopment Project Area.

Mr. Hamilton indicated that this concerned a presentation by Economic Research Associates and Richard Gryziec, urban designer and architect, to provide conclusions of their joint study concerning the best concept, market feasibility and financial potential of a recreation or entertainment complex in Yerba Buena Center. He noted that these studies indicated there is a market for five major components consisting of an entertainment area, a market place, specialty shops, amusements, and cultural activities. Mr. Hamilton requested the Commissioners provide the staff direction on whether they wished to have a marketing program developed.

Mr. J. Richard McElyea of Economic Research Associates (ERA) came forward and indicated he would comment on the marketing and the financial aspects of the study. The objective of his firm's work was to develop the market concept most appropriate for an entertainment center and to test the economic feasibility of this concept. In order to accomplish these objectives a detailed process of concept definition was undertaken and then the general concept which resulted from this process was evaluated in terms of its market appeal

SPECIAL APPEARANCES (continued)

and potential financial performance. The process involved obtaining extensive input from neighborhood groups and he believed the overall study is sufficiently detailed to permit the Agency to contact potential developers. The criteria was determined as follows: (1) the project will be compatible with the surrounding neighborhood; (2) it will be physically attractive; (3) the use should be economically self-sufficient involving limited cost to the City; (4) the uses should be wide-reaching in terms of age groups and income groups and should not have a narrow appeal to special interest groups such as tourists, children, elderly, or any single type of group; (5) the uses should not be duplicative to those found elsewhere in the City and the development should be unique and of high quality; (6) the uses should be compatible with the use of the exhibit hall; (7) the uses should aim at providing additional jobs; and (8) activities should take place on a year-round basis rather than seasonal.

Mr. McElyea indicated that the uses visualized for the project were divided into five major components which will form the basis of the market analysis but will not necessarily be physically separated in the final plan for the site. These are, as follows: (1) the marketplace which will be similar to the various farmers' markets in other parts of the country, and which incorporates such possibilities as seafood, produce, and wine and cheese markets, cafes and bars, and flower stands and displays; (2) the entertainment area which will include such activities as an entertainment center consisting of showroom, restaurant, disco, and cabarets; a laserium and cinemas, one or more special effects theaters, popular dance pavilions, and outdoor performance areas; (3) the specialty shops and restaurants normally found in a specialty center; (4) the amusements, including creative play areas for children, an interpretive science center, traditional small children's rides, games, funhouses, and related play activities; an amusement area based upon comic-strip characters and special events such as festivals, cultural faires, and renaissance faires; and (5) the cultural activities which will include special art, antiques, or science museums; a downtown extension of the De Young Museum; a San Francisco historical museum, and a small legitimate theater of approximately 700 seats for use by various local theater groups.

Mr. McElyea indicated that developers and operators of these uses have already shown interest in the development of such facilities. He stressed that none of these facilities are to be directly competitive to existing businesses in San Francisco but are to be new and complementary, with a minimum of overlapping. Mr. McElyea indicated projects in other areas of the country had been surveyed from the standpoint of the characteristics of major urban mixed-use projects and also recreational components and evaluated as to elements contributing to market success. There is a strong trend in urban mixed-use projects to include entertainment and cultural facilities and also these projects have derived substantial benefits from this in terms of increased market identity and increased activity in the area. Each use must be a free-standing development and this project could fill in many gaps in relation to commercial opportunities. He believed that the project can avoid direct competition by combining some unique attractions with traditional commercial uses. Studies were done on projected attendance for each segment or facility. A preliminary financial analysis indicated the revenue to be derived from these various facilities, as well as the cost of goods sold, and operating expenses. Mr. McElyea indicated the projected 1985 net operating profit of \$5.81 million would give a pretax profit of \$3.23 and \$2.13 million net cash flow, or a \$4.66 million equity return of 45.7 percent. This meets investment objectives although it will be a high-risk project and it may be necessary for

SPECIAL APPEARANCES (continued)

the Agency to make some concessions to attract a developer-operator to the area and the cultural facilities may have to be provided by the public sector. The Agency may also have to make a contribution to the cost of site preparation. Under these assumptions, the City could expect an annual lease rate of \$13.70 per square foot for the development of the entire 18-acre site. He believed that given the types of restrictions and use of the land this was not an unreasonable figure. He noted that no analysis had been done on specific proposals but only on the broad concept.

Mr. Richard Gryziec came forward and compared the project plan which was amended two years ago to that of the Mayor's Select Committee on Yerba Buena Center, using a chart to illustrate the trend the project had taken. He noted that there was not significant difference between the figures developed by ERA and those in the EIR.

Mr. Hamilton indicated that from the report he had concluded that the Agency should pursue the matter further and solicit interested developers. The staff recommends that the next step in the development of the site should be preparation of a marketing program. Mr. Glickman indicated he had visited Faneuil Hall in Boston which appeared to be compatible to this proposal and had found it to be an exciting experience. He indicated his approval of developing a marketing strategy.

Ms. Blomquist inquired about the time schedules for development of the site, and Mr. Lewis Arnold, Director of Development, responded that there were several factors to be analyzed before this could be definitively determined. The first matter is the development of the apparel mart by Arcon/Pacific so the amount of acreage that will be offered can be defined. The second is the identification of many related factors such as the financial situation that must be laid before prospective developers in a package. Also, key potential developers need to be identified. Mr. Arnold believed that by the time the Environmental Impact Study (EIS) is completed in August, 1978, the staff can be ready with a marketing program. Mr. Hamilton noted that this marketing program could not precede the EIR.

President Wexler asked if the consultants had considered whether the apparel mart would be excluded. Mr. Gryziec expressed his concern about the potential intrusion of the apparel mart into the site and noted his belief that the entire site was essential to a viable development.

President Wexler indicated his concurrence with Mr. Glickman that the concept was exciting and that it would bear testing in the market place. He requested staff to pursue development of a marketing program to see whether the concept was feasible. The other Commissioners indicated their enthusiasm for the Yerba Buena garden concept and endorsement of the marketing program.

Ms. Maria Galetti, of the Friends of Tivoli, came forward and indicated her concern was that there had been a failure in communication with the Office of the Mayor, and she believed Chief Administrative Officer Roger Boas should be informed about the proposed plan so that efforts would not be duplicated. President Wexler indicated his belief this was being done. Mr. Hamilton indicated the Agency would continue its efforts to keep the Mayor and Mr. Boas informed. Mr. Hartman came forward and expressed concern and indicated his surprise and shock that there was no data developed by ERA on employment and he inquired how many jobs would be provided. Mr. Hamilton indicated that this would be one of the elements to be more clearly defined when the marketing program is developed. He noted, however, that one of the major benefits of the proposed Yerba Buena Gardens is the number of jobs generated. Ms. Blomquist asked if August was the earliest such figures on jobs could be developed, and Mr. Hamilton responded affirmatively, noting that the consultants first needed to know the mix that would generate permanent long-term employment and the marketing strategy is not yet available in this connection. Mr. McElvey indicated that such information could be available within two weeks.

NEW BUSINESS (continued)

President Wexler indicated no action would be taken at this time by the Commissioners.

- (d) Comments from the Goodman Group concerning 1117-19 Geary Boulevard, Western Addition Area A-2.

Mr. Ian Donald Turner came forward and indicated he had four brief points to make on the Goodman Building. He indicated that he had appeared before the Commissioners on March 14, 1978, prior to the date the designated developer's rights would expire. He was told that the disposition agreement has not been executed at this time and now it was his understanding this has now been done. He indicated he had been trying to learn the contents of that agreement since that time and asked the Agency General Counsel to comment on what right he had to refuse such disclosure. He noted that he was aware of the problem with the Goodman Group's timing of its submittal of an alternate development proposal. He quoted excerpts from the Public Code concerning the circumstances for making such a document public and it was his opinion that he had been denied access on the basis that the disposition documents were preliminary. He believed that if this was the case it was inconsistent that the developer was permitted to execute the agreement on March 14, 1978, instead of having a request for an extension considered in a public meeting. He expressed his opinion that there was an error and the preliminary connotation was irrelevant. He believed this denied the Goodman Group an opportunity to make its presentation of an alternate development proposal. He indicated that if there was no binding agreement then public consideration should be held with respect to another extension for the developer. He asked what the contents of the agreement were and why it was denied him for perusal. He believed that the Agency had granted the developer a de facto extension. He indicated that the Goodman Group had developed a careful plan and that a cost of renovation was estimated to be \$214,000 with the labor being provided by the members of the Goodman Group. Included in this \$214,000 was \$196,000 for purchase of the land which is below Mr. Alan Wofsy's proposal.

Mr. Turner indicated that there were also two new items of correspondence which he believed the Commissioners should consider. One was from Mr. Louis S. Wall, Assistant Director of the Office of Review and Compliance of the Advisory Council on Historic Preservation, which Mr. Turner believed related the life style of the artists to the considerations, which evaluated the building's total historic significance. Mr. Wall indicated that the proposed rehabilitation would have an adverse effect on the cultural and social significance of the structure and he requested that the Department of Housing and Urban Development (HUD) refrain from taking any action until such matters were clarified. The other letter was from Mr. Raymond Girvagian, architect, relative to his affirmative vote concerning the architectural integrity of the exterior facade which he believed had been altered only 50 percent over the years. He had voted for nomination of the building based upon its historic and cultural significance to San Francisco considering its traditional historic use by artists, and its position as the last of its kind for such use, and the unique quality of its interior. Mr. Girvagian considered that the exterior facade was not particularly outstanding, however.

Mr. Turner indicated that Mr. Wofsy's plan was directly opposed to these uses. With regard to allegations that the Goodman Group was opposed to Section 8 subsidized housing, Mr. Turner indicated that they were not

SPECIAL APPEARANCES (continued)

in opposition; however, the group believed that this particular subsidy program was scarce in San Francisco and should be reserved for projects which cannot be done without subsidies. The Goodman Building could be preserved as a historical landmark through the work of the people living in it and keep its designation without using the subsidies. Mr. Turner indicated he wished to know the contents of the disposition agreement and also why there appeared to have been a de facto extension of the developer's rights.

Mr. Hamilton indicated that Mr. Wofsy had signed the disposition agreement within the deadline established by the Commissioners. This agreement was submitted to HUD on March 30, 1978, for concurrence and it is now being reviewed by the HUD staff and after their approval it will be returned to the Agency and be the subject of a public hearing at which time there will be a recommendation that the Agency be authorized to fully execute it. He reiterated that Mr. Wofsy met the deadline and the disposition agreement was executed, contingent upon HUD and Agency approval and the holding of a public hearing. He noted that it was upon advice of the Agency General Counsel that the contents of the agreement would not be released pending final approval.

Agency General Counsel, Leo E. Borregard, indicated that Mr. Wofsy executed the document and met all the requirements established for him as a designated developer. Since the agreement must be submitted to HUD for approval and it is still considered to be in a preliminary stage, Mr. Borregard indicated that until the agreement is approved by HUD it is uncertain as to whether changes will be required. Any changes would have to be submitted for Mr. Wofsy's agreement and the disposition agreement would be changed to be in accordance with HUD's changes. When that process is completed the agreement will be calendared for the Commissioners' consideration after a public hearing and the document would be made public at that time. He reiterated that the document is not in final form. President Wexler asked if when the HUD process is completed and there is concurrence with Mr. Wofsy, the document would be available to the public, and Mr. Borregard responded when it is to be presented to the Agency during the course of a public hearing, it will be a public document open to inspection after the public hearing, with time provided to peruse it. Ms. Blomquist asked if there was any time schedule, and Mr. Hamilton responded that it was dependent on the HUD reviews and it was not a process the Agency can control.

Mr. Turner indicated that it was stated Mr. Wofsy would have to agree to any changes and he contended that since the document had not been final all of the requirements had not been met by March 15, 1978. He contended that it is obligatory for the Agency to grant another time extension because these changes may not happen until some time in the future. It is at that time that Mr. Turner indicated the Goodman Group wished to come before the Commissioners with an alternate proposal and these delays were preventing them from doing anything while this process grinds on at HUD.

Mr. Turner again inquired about the status of the disposition agreement noting that if it is a preliminary draft it may be withheld from public review, but according to the Agency it is considered to be in final form for the

SPECIAL APPEARANCES (continued)

developer to sign. He believed that no purpose was served by withholding the agreement and that what the Agency had was vital information to the Goodman Group in its preparation of the presentation of its proposal. Mr. Borregard indicated he did not understand how this could be of vital importance to the Goodman Group in preparing another proposal, and he again stressed that it was a preliminary document. If HUD's approval process was not required the document would have gone forward a long time ago, but until it is completed, the document is still preliminary. He expressed the belief that Mr. Wofsy has done everything that was required to be done and the Agency has no control over the HUD process. Mr. Borregard saw no way that the agreement in any way prejudiced the Goodman Group. President Wexler asked Mr. Borregard if he were satisfied the document was in a preliminary stage and Mr. Borregard replied that staff had reviewed it and concluded it was.

President Wexler suggested that Mr. Turner present his arguments to the Agency legal staff and for an explanation of its thinking on the preliminary nature of the document.

Mr. Turner indicated that the Goodman Group was interested in the price of the land. Their feasibility study showed an amount of \$196,000 for the land and Mr. Turner indicated Mr. Wofsy may have proposed a lower price which affects the Goodman Group's own feasibility study on financing. President Wexler replied he did not know or think that would lower the price because it was disposed of on bid basis and Mr. Borregard indicated it absolutely would not.

Dr. Williams inquired about the Commissioners' consideration of Mr. Turner's remarks because it has designated a developer and should not do anything to inhibit that person's performance. He believed it was the responsibility of the Agency to honor its commitments as a public agency when there is a person who has an investment at stake. He asked Mr. Turner why he should request the Agency to do this to Mr. Wofsy. Mr. Turner responded that the Agency had given Mr. Wofsy until December 31, 1977, and he believed they should have considered another extension. Dr. Williams indicated that an extension should be given to a person who was moving ahead in good faith.

Mr. Turner indicated that he believed the Goodman Group was entitled to present its alternative proposal at the time the Commissioners consider an extension of a developer, and the Agency had circumvented this opportunity.

Dr. Williams responded that it was routine to give extensions to developers who were making every effort to proceed, and he noted that the Goodman Group had had an opportunity to present a proposal without doing so. Mr. Hamilton indicated that Mr. Turner was correct in his assumption of the procedure, except it depended on whether the developer had failed to meet the deadline. In the case of this developer, Mr. Wofsy has met the schedule and performed in accordance with the Agency's requirements. However, if he should fail, then Mr. Turner's argument has some merit - but this is not the case.

Ms. Shelley expressed concern that there was some difficulty in concurring with Mr. Turner's argument and indicated that this same line of reasoning could be applied to other entities as well as the

SPECIAL APPEARANCES (continued)

Goodman Group and negated the Agency's upholding agreements with developers. She believed that it was being alleged that the Goodman Group has been disadvantaged by bureaucratic process which seemed unfair to her since it appeared that the reason the disposition agreement had not yet been approved by HUD was largely caused by actions taken by the Goodman Group in order to stop the HUD process by generating a letter-writing campaign that hindered Mr. Wofsy. indicated her belief that the Goodman Group had not been disadvantaged unfairly by an administrative procedure, but that every effort had been made to aid them. She also indicated that she did not follow the argument as presented by Mr. Turner regarding the motivation of the Goodman Development Corporation in opposing Section 8 financing. She recalled that the last time the Goodman Group appeared before the Commissioners, it had expressed concern that the current residents of the building would not be eligible under the Section 8 program. Ms. Shelley also recalled that representatives of the group termed themselves the "voluntary poor" which was why they would not be eligible for the Section 8 subsidies. She inquired if their position had changed, and whether the current residents were altruistically by-passing the opportunity to seek the Section 8 subsidies in favor of these being given to other projects in town. Mr. Turner replied that Section 8 does not work for the residents of the building because they can perform the renovation work without government subsidies. He stressed their objective was to save the building, but added that they cannot qualify for the subsidies, and since they are a limited resource they should be used elsewhere. He indicated the Group's desire was to provide housing for artists. Mr. Turner noted that he believed the Agency has contributed to delays because it has anticipated that HUD may make changes and sets unrealistic deadlines, has given extensions, while the Goodman Group only wished to have the opportunity to present its own views at a hearing for another extension.

President Wexler indicated that Mr. Turner was in error because Mr. Wofsy had met the deadlines required of him and could do no more until HUD approves the matter and it comes back before the Commissioners for approval. He noted that Mr. Wofsy does not need any other extensions until the next step takes place. He indicated his understanding that Mr. Turner was looking for an opportunity to present a proposal, but the Agency cannot interrupt the process established by the designation of Mr. Wofsy. He commented that had the Goodman Group's proposal been available when it had an exclusive opportunity to submit it, the results may have been different. In response to President Wexler's inquiry, Mr. Borregard indicated that the Agency's legal staff would discuss the matter with Mr. Turner at any time convenient for Mr. Turner. Mr. Turner agreed to do this.

Ms. Martha Senger of the Goodman Group came forward and indicated that the building had been placed on the National Register of Historic Places because of its historical use as space for artists. She stressed that the Goodman Group continued to come before the Commissioners to express their concern about preservation of the cultural aspect of the building. She indicated that the residents cared about the

SPECIAL APPEARANCES (continued)

building and wanted to stay in it and that they had worked to save the building for the low-income people who were San Francisco artists.

President Wexler thanked those who had appeared in connection with this matter.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The closing date for receipt of development proposals for the block bounded by Van Ness and Golden Gate Avenues and Franklin and Turk Streets was May 1, 1978. Five development proposals were received and also two letters of interest and several of these incorporate elements of the development previously proposed by the Philippine community. These proposals will be evaluated by staff and the Commissioners advised of the results of this study. Ms. Blomquist inquired when the Commissioners would see the proposals and Mr. Lewis Arnold indicated that the analysis would be completed within two weeks.
- (b) The Board of Supervisors' action on the Performing Arts Center garage project lease was approved for a second reading on April 24, 1978 but was held over by the Board on May 1, 1978 until the Jarvis Gann initiative is voted upon. It is to be calendared for Board action on June 12, and those interested have been notified that this item will not be considered by the Commissioners today.
- (c) Mr. Hamilton indicated that his trip to Washington, D.C. had involved meetings with HUD Secretary Patricia Harris on several program matters and with Assistant Secretary Robert Embry on legal matters and the Urban Development Action Grant (UDAG) application. He also attended meetings of the National Association of Housing and Redevelopment Officials (NAHRO) Board of Governors and legislative and oversight committees.

NEW BUSINESS

- (a) Consideration of a project lease with the City and County of San Francisco for the purpose of construction by the City and County of a convention center. Parcel 3734-A, Yerba Buena Center Approved Redevelopment Project Area D-1.

President Wexler indicated that consistent with the RULE OF THE CHAIR on the public hearing concerning this item, action on the matter would be continued until May 9, 1978.

- (b) Consideration of modification of funding agreement with the City and County of San Francisco for Community Development funds for 1977 to increase survey and planning funds for the Northeastern Waterfront Survey Area.

This represents authorization to modify the 1978 Community Development budget to increase the survey and planning funds for the Northeastern Waterfront Survey Area by \$95,000. These funds are to be transferred from Community Development funds which were set aside for City Planning use and will be used to provide for urban design services with Rockrise, Odermatt, Mountjoy Associates (ROMA). Ms. Berk inquired if part of this money came from City Planning directly, and Mr. Hamilton responded affirmatively, noting that it was originally allocated from Community Development funds.

NEW BUSINESS (continued)

MOTION: It was moved by Dr. Williams, seconded by Ms. Blomquist, and unanimously carried that the funding agreement with the City and County of San Francisco for Community Development funds for 1977 be modified to increase the survey and planning funds for the Northeastern Waterfront Survey Area.

- (c) Resolution No. 94-78 authorizing the Executive Director to execute a contract with ROMA to provide professional consulting services within the Northeastern Waterfront Survey Area.

This concerns an award of a contract for urban design services with Rockrise, Odermatt, Mountjoy Associates (ROMA) not to exceed \$175,000 to provide urban design, transportation, economic feasibility and environmental services for the Northeastern Waterfront Survey Area.

Mr. George Rockrise came forward and introduced members of his team which included Williams-Kuebelbeck & Associates; Wilbur Smith & Associates, Moffatt & Nichol; Jordan/Avent & Associates; Gruen, Gruen & Associates, Moris Guralnick Associates, and Roger Olmsted. Mr. Rockrise noted his long-term interest in the waterfront and the related experience his team had had. He stressed their intention to develop an exceptional design which would enhance the City's maritime theme and history.

Ms. Blomquist asked Mr. Thomas Conrad, Chief, Planning and Programming, if the firm had complied with the affirmative action requirements, and Mr. Conrad replied they had and he had a letter to that effect. She also inquired about cost of \$175,000 to do this study since in her experience on the Northeastern Waterfront Committee, she was under the impression that a great deal of work had already been done or was under way. Mr. Conrad responded that there had been independent studies and current proposals but these had to be brought together and developed into a coherent design.

President Wexler asked how the services were being related to proposals being developed for the waterfront and Mr. Conrad responded that there was no pending request for action on such a proposal but staff would not be supportive of any proposals moving forward in the survey area until the proper input and development of ideas had been coordinated with ROMA. It is intended that neither the Planning Commission nor the Bay Area Conservation & Development Commission (BCDC) approve a long-term commitment until the design plan is finished.

President Wexler indicated his desire to be assured that staff had adequate time to go through the contract just received today to ascertain whether it is complete and sufficient. Mr. Conrad noted that staff was satisfied with the documents which had been developed during five negotiating sessions with ROMA and that legal counsel had reviewed it.

ADOPTION: It was moved by Ms. Shelley, seconded by Dr. Williams, and unanimously carried that this resolution be adopted.

Mr. Rockrise expressed his appreciation to the Agency and to the cooperating agencies. He assured the Commissioners that his team would make every effort to prepare a design worthy of this exciting project which he believed was long overdue.

NEW BUSINESS (continued)

- (d) Consideration of authorization of demolition of bids for 330, 340, 350 and 360 Grove Street, Western Addition Approved Redevelopment Project Area A-2

RULE OF THE CHAIR: President Wexler indicated that staff has requested withdrawal of this item and it would not be considered until the Board of Supervisors had taken definite action on the project lease for the Performing Arts Center Garage and subject to Commissioners' objection, this matter would be held over. There being none, it was so ordered.

- (e) Resolution No. 93-78 authorizing execution of agreement for disposition of land improved with an Agency rehabilitated dwelling and other conveyance documents in accordance therewith with respect to the sale of Parcel 648-E(5) and an undivided 1/11th interest in Parcel 684-E(9); approving disposition prices for said parcels; and ratifying publication of notice of public hearing in connection with such sale, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated this item was the subject of the public hearing and concerned execution of a disposition agreement for an Agency rehabilitated building to the former occupant, Mr. Julius Mondaine, for \$104,400, which includes the property at 1756-58 Fillmore Street in Western Addition A-2 and an 1/11th interest in the Victorian Square parking area. Mr. Mondaine will operate his liquor store at this new location. President Wexler inquired if Mr. Mondaine and Lee's Liquor Store were one and the same and Mr. Redmond Kernan, Deputy Executive Director, responded that Lee's Liquor was the name of the business and Mr. Mondaine would operate the business under his own name because he is buying the business.

ADOPTION: It was moved by Ms. Blomquist, seconded by Dr. Williams, and unanimously carried that this resolution be adopted.

- (f) Resolution No. 91-78 designating Donald Flynn as the redeveloper of Parcel 738-B, Western Addition Approved Redevelopment Project Area A-2.

This concerns designation of Mr. Donald Flynn for 90 days as the redeveloper of Parcel 738-B bounded by Van Ness Avenue, Eddy, and Willow Streets, in Western Addition A-2. The 21,980 square-foot parcel price is \$18 per square foot, or \$395,000. Mr. Flynn has attempted to cure objections to the proposal to be submitted in September 1977 for construction of a family-style restaurant which staff believed underutilized the site and is now submitting a proposal with two stories of commercial use above such a restaurant.

Mr. Piero Patri of Whisler/Patri, Architects, came forward and indicated on the renderings the design of the Burger King restaurant, which will be located just behind the central office of the Agency. A 28-space parking lot will be located behind the three-story building with an entry from Van Ness Avenue. The structure is to be designed to relate to the six-story apartment on the corner of Van Ness and Eddy Street. Mr. Patri indicated that the parapet which would aid in this relation would also conceal the air-conditioning equipment. He indicated that the basic objective of the client was to have a restaurant but that he had attempted to address the Agency's concerns about greater use of the site. The building will be set back from Van Ness for landscaping space and will have a glass facade facing on that street. It will consist of a combination of stucco or masonry with an entry to the

NEW BUSINESS (continued)

commercial area above located on Willow Street. The parking will also be landscaped. There will be entries also from Willow and Eddy Streets to the lot and a drive-by window at the rear of the building. Mr. Patri indicated that Mr. Flynn was present if anyone wished to ask any questions. Mr. Glickman asked for a definition of a family-style restaurant, and Mr. Flynn responded that this would be one of the Burger King restaurants which were specifically designed for families who did not wish to spend much money but who wanted to eat in a sit-down type restaurant.

Mr. Hamilton indicated he was impressed with the potential jobs to be provided by the restaurant. It is anticipated it will employ approximately 75 to 100 youths and this will have a significant economic impact. He recommended approval of the developer.

Dr. Williams inquired if the Western Addition Project Area Committee (WAPAC) had acted on this development, and Mrs. Mary Rogers came forward and indicated that WAPAC endorsed the development because the design was good and it would provide jobs for residents of the community. Mr. Flynn indicated he would enter into a memorandum of understanding regarding jobs.

Mr. Glickman inquired if addition of the second and third floors of commercial or office space was considered economically feasible and leasing to tenants for this area at a rental of 75 cents per square foot for the 7,800 square feet. Mr. Flynn indicated lenders considered this approach economically feasible.

President Wexler noted that the most recent appraisal was done on the property in January, 1977 and asked if it needed any updating. Mr. Quintin McMahon, Director of Real Estate, Marketing, and Business Development, indicated that this was unnecessary. He also indicated HUD was satisfied and had concurred in the appraisal.

President Wexler recalled that there had previously been three proposals for this site and that the Commissioners had rejected all of them because they believed the offering had not accurately reflected the Agency's desires for development of both parcels as one. Now, there is one proposal, and President Wexler inquired if this was the best proposal available for this Van Ness property. Mr. Hamilton recalled that there had been proposals from American Properties but the principals had withdrawn and they could not reconstruct an entity who had sufficient capital. The other proposal was from West Coast Property who later decided it was not interested in developing within the project area.

Mr. Lewis Arnold, Director of Development, commented on efforts to secure proposals indicating that the developers previously submitting proposals had been contacted as well as the Agency's mailing list consisting of approximately 1,000 names. Most inquiries about the site related to construction of housing which was infeasible at that location. He believed that this proposal is an upgrading of a previous proposal and the benefit will be realized in the number of jobs generated and the developer's desire to construct as an attractive building are all factors that influenced the favorable recommendation of staff. In Mr. Arnold's opinion, this was responsive to the offering and in character with the type of development taking place in this part of the City. A restaurant of this kind is among the few that can support

NEW BUSINESS (continued)

the land acquisition cost and also produce jobs.

Ms. Shelley indicated she was pleased with the job potential. She inquired if workers would be covered by a union contract, and Mr. Flynn responded negatively. Ms. Shelley then indicated she would oppose this proposal because it would set a negative precedent in San Francisco as McDonald's had done. She expressed concern that this would undercut conditions which workers had long struggled to achieve. She opposed encouragement of non-union activity.

Mr. Flynn responded that he was a supporter of all unions but the fast food industry could not operate with unions since it employs about 80 percent youths. He indicated that the A & W and McDonald's type restaurants did the same and were also non-union. In his opinion it was more a significant matter than one of not choosing a developer using non-union workers. It was a choice of having a restaurant employing 75 to 100 persons or not. He indicated the restaurant would provide jobs to young people who were unemployed that lived nearby in the community. He indicated that he paid them the minimum wage of \$2.65 per hour and they could work variable hours so they could both work and attend school. He also indicated that teenage jobs would never be available otherwise and it was on that basis that the Department of City Planning decided to proceed with the development of such restaurant facilities in the City.

Ms. Shelley indicated it was the first time she had been asked to take a public stand on this matter and reiterated her opposition to approving any proposal which would undercut payment of union wages.

Mr. Arnold Townsend of WAPAC came forward and indicated WAPAC's support for unions but noted that it was in an advocacy position for this proposal. He indicated that many of the youths that would be employed at the Burger King needed the money because the unions kept their parents from becoming union members and from employment in high-paying union culinary jobs. He believed the unions should challenge their policies on such practices.

Ms. Shelley indicated her awareness of past discriminatory practices and her belief union membership should be open fully to people of all ethnic groups. She did not, however, find it possible to reconcile supporting Mr. Flynn's proposal if it undercut union wages. Mr. Townsend indicated WAPAC supported the venture and expressed his belief that the unions needed to modify their policies.

ADOPTION: It was moved by Dr. Williams and seconded by Ms. Blomquist that this resolution be adopted, and on roll call the following voted "Aye":

Ms. Berk
Ms. Blomquist
Mr. Glickman
Dr. Williams
Mr. Wexler

and the following voted "Nay":

Ms. Shelley

and the following abstained:

None

NEW BUSINESS (continued)

The President thereupon declared that the motion carried.

- (g) Consideration of extension of development rights for Parcel 707-B, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that this represented an extension of exclusive negotiating rights to Dr. Carlton Goodlett for a parcel on the northeast corner of O'Farrell and Steiner Streets in Western Addition A-2. Dr. Goodlett has had difficulty in securing financing and this extension to November 2, 1978 is recommended for the purpose of providing him an opportunity to conclude issues in connection with financing efforts. Dr. Goodlett came forward and indicated he was continuing his work in regard to securing financing and that HUD Secretary Patricia Harris had suggested that the matter of "red-lining" be investigated. He indicated he was in contact with the State officials on this issue and he hoped to find a means of developing the parcel. He indicated he would do everything he could to make it a model development.

MOTION: It was moved by Dr. Williams, seconded by Ms. Berk and unanimously carried that extension of development rights for Parcel 707-B in Western Addition Approved Redevelopment Project Area A-2 be given to Dr. Carlton B. Goodlett to November 2, 1978.

- (h) Consideration of a janitorial contract with W & F Building Maintenance Company for servicing the Western Addition site office. An increase of 5.4 percent is proposed which is in keeping with the increase in salaries and other costs experienced by the contractor. Last year's monthly rate was \$791 and this year's will be \$834, with the contract expiration May 5, 1978.

MOTION: It was moved by Ms. Blomquist, seconded by Dr. Williams, and unanimously carried that W & F Building Maintenance Company be awarded the contract for janitorial services for the Western Addition Area A-2 site office.

At this point, Mr. Glickman left the meeting at 7:20 p.m.

- (i) Resolution No. 92-78 approving a first amendatory agreement to the disposition agreement with William H. Banker and Fillmore C. Marks, and authorizing the Executive Director to execute necessary documents, Parcel A-5, India Basin Industrial Park Approved Redevelopment Project Area.

This is in connection with a request for a 90-day extension until July 15, 1978 of the disposition agreement with William H. Banker and Fillmore C. Marks for Parcel A-5 which is located at the northwest corner of Newhall and Mendell Streets in India Basin Industrial Park, to provide evidence of equity capital and mortgage financing. The developers have proceeded on schedule but construction bids came in excessively high and they need time to evaluate this situation.

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

- (j) Resolution No. 45078 authorizing the Executive Director to enter into a legal services contract in connection with Yerba Buena Center Approved Redevelopment Project Area.

This represents a contract for outside legal services with the law firm of

NEW BUSINESS (continued)

McCutcheon, Doyle, Brown and Enersen for the case of Taylor-Woodrow vs. SFRA concerning complex litigation in connection with the Yerba Buena Center. Staff recommends this firm which has an outstanding reputation in the legal community at a total compensation not to exceed \$25,000 in which HUD has concurred. Mr. Hamilton indicated that as the litigation proceeds to trial additional funds may be needed.

President Wexler inquired whether Mr. Borregard believed he would have a conflict of interest if he participated in consideration of this matter since some time ago his law firm has represented the developer who was the successor to Taylor-Woodrow. Mr. Borregard responded that there may be a possible conflict although this case relating to land between Third, Folsom, and Harrison Streets came up in January, 1976, and for this reason it would be more appropriate not to vote upon this item. President Wexler indicated that for the record his law firm represented the developer who substituted the interest of Taylor-Woodrow.

President Wexler indicated that as a matter of personal privilege, in connection with this item before the Commissioners, he would not participate since one of the developers was formerly a client of his law firm, Feldman, Waldman & Kline. President Wexler turned the Chair over to Acting President Shelley and left the podium.

Ms. Blomquist inquired for what reason Mr. Borregard believed the McCutcheon firm was the best and how it would be considered more experienced than some minority law firm. Mr. Borregard responded that he had considered the minority law firms available when this matter came up since this was a case potentially involving major litigation. He had evaluated various firms but had not found a minority firm with sufficient resources to handle such a case. He believed it difficult for a single lawyer to handle this litigation because of the demand made upon him. Mr. Borregard indicated that the Agency had had previous experience with this particular law firm and knew its expertise in such cases. Ms. Blomquist suggested that in the future Mr. Borregard seek firms with more minority affirmative employment and he replied he had secured a list of black and Asian attorneys and these would be considered when selections were made.

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

President Wexler returned to the podium and resumed the Chair..

(k) Resolution No. 28-78 travel authorization.

Mr. Hamilton indicated that this represented a request for travel for himself; Helen L. Sause, Assistant to the Executive Director; Jane P. Hale, Assistant Executive Director for Finance and Administration; and William McClure, Chief of Rehabilitation, to attend the National Association of Housing and Redevelopment Officials Pacific Southwest Regional Council 37th Annual Conference in Las Vegas, Nevada, on May 21 to 23, 1978. The conference will focus on community organization, neighborhood preservation, and Community Development Block Grants -- 1977 Legislation, Rules, and Regulations. Mr. Hamilton indicated he would be presiding over a panel in his capacity as Senior Vice-President and President Elect of the Pacific Southwest Regional Council. Ms. Berk asked if this meant there may not be an Agency meeting on May 23, 1978

NEW BUSINESS (continued)

and Mr. Hamilton indicated he was uncertain of that at the moment.

ADOPTION: It was moved by Ms. Shelley, seconded by Dr. Williams, and unanimously carried that this resolution be adopted.

ADJOURNMENT

It was moved by Ms. Shelley, seconded by Dr. Williams, and unanimously carried that the meeting be adjourned. The meeting adjourned at 7:30 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Helen L. Sause".

Helen L. Sause
Secretary

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
9TH OF MAY 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 9th day of May 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Dian Blomquist
Rubin Glickman
Melvin D. Lee
Dr. Hannibal A. Williams

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and the following were absent:

None

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Mary Rogers, Arnold Townsend, and Richard Harper, Western Addition Project Area Committee (WAPAC); Chester Hartman, Citizens Committee on Yerba Buena Center; Richard Gryziec, Yerba Buena Gardens; Richard Salladin, Orrick Herrington Rowley and Sutcliffe; Richard Sklar and John Igoe, Office of the Chief Administrative Officer of the City and County of San Francisco; Robert Kenealey, City Attorney's Office; Hal Dunleavy, Hal Dunleavy Associates; Dennis Taniguchi, Japan Town Art Movement; Dr. Amancio G. Ergina, Mary Ergina, Mike Magdaluyo, Francisco Levy, A. P. Armapa, and J. Cagampay, Yerba Buena Village Foundation; J. T. Esteve, Filipino Voters League of San Francisco; Dong Kan, Korean Chamber of Commerce; Thomas Schulster, architect; Mr. B. McGorsky, U. S. Postal Service; and Harry Boisin and Andrew H. Lee, interested citizens.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; and Keung Kauae Lim, The Korea Times.

APPROVAL OF MINUTES

It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that the minutes of the Regular Meeting of April 18, 1978, as distributed by mail to the Commissioners, be approved.

SPECIAL APPEARANCES

President Wexler announced that for the purpose of informing any interested members of the public, the copy of the proposed Yerba Buena Center Project Lease which has been available for public inspection since March 21, 1978, has undergone several revisions. The latest copy of this proposed Lease, proof-dated May 5, 1978, will be available for inspection throughout this public hearing at the desk near the Press table. It has been marked to indicate the revisions which have occurred since March 21, 1978.

- (a) Public hearing to hear all persons interested in the matter of the consideration of whether the Redevelopment Agency of the City and County of San Francisco shall enter into a Project Lease with the City and County of San Francisco, a municipal corporation, for the leasing of certain land in the Yerba Buena Center Approved Redevelopment Project Area D-1, for the purpose of construction by the City and County of San Francisco of a convention center, together with appurtenances in connection therewith for public assembly and convention purposes. The Redevelopment Agency proposes to consider whether to enter into the Project Lease and to lease said project land, known as Disposition Parcel 3734-A, to the City and County of San Francisco. (Continued from May 2, 1978)

At this point, Dr. Williams joined the meeting at 4:30 p.m.

Mr. Chester Hartman of the Citizens Committee on Yerba Buena Center came forward and indicated that he wished to thank the Commissioners for continuing the public hearing from last week to allow time to respond to questions raised at that time. Mr. Hartman indicated that at that meeting he had urged the Commissioners to become guardians of the public interest of the people of the City and County of San Francisco. He indicated three basic areas were to be covered, and these are set forth in the statement attached to these minutes, which was read by Mr. Hartman.

At the conclusion of Mr. Hartman's statement, President Wexler inquired if any members of the agency staff or City staff wished to comment. There being no further persons wishing to appear in connection with this matter, President Wexler indicated that there would be no action taken by the Commissioners this week on the matter at this meeting.

RULE OF THE CHAIR: President Wexler indicated that subject to objection of any of the Commissioners, the public hearing would be continued until May 16, 1978 at 4 p.m. at 939 Ellis Street, seventh floor. There being none, it was so ordered.

REPORT OF THE PRESIDENT

President Wexler commented on the amount of work that the staff had been doing over the past month in matters relating to the Yerba Buena Center, Urban Development Action Grant (UDAG), Agency Budget, and the Northeastern Waterfront Survey and Planning Area, and he expressed his appreciation for the long hours being put in to move these projects forward. He also commented on the excellent information which was provided to the Commissioners so that they could make their decisions based on the best background material available.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The Yerba Buena Center Hotel Tax four percent increase is scheduled for hearing before the Finance Committee of the Board of Supervisors on Wednesday, May 10, 1978. A report will be provided to the Commissioners on any action taken.
- (b) The Department of Housing and Urban Development (HUD) officials will be in Denver, Colorado from May 14 through 15, 1978 to hear the presentation

REPORT OF THE EXECUTIVE DIRECTOR (continued)

of the City's UDAG application which is to be made by the Mayor's Office of Community Development (OCD). The OCD has requested that the Agency staff aid Mr. Carl Williams, Director of OCD, in making this presentation which is an essential step in securing approval of the application. Mr. Hamilton indicated that he and Mr. Thomas C. Conrad, Chief, Planning, Housing and Programming, would meet with the HUD officials and there will be an off-agenda travel request for this trip.

NEW BUSINESS

- (a) Consideration of a project lease that will have specified significant effects on the environment, that specified mitigation measures and alternatives will reduce said impacts to an acceptable level, and that specified overriding social, economic, and other conditions make additional mitigation measures and alternatives infeasible, Yerba Buena Center Approved Redevelopment Project Area D-1. President Wexler indicated that no decision would be made on this matter today, however, prior to entering into the project lease the Commissioners are being requested to adopt certain mitigating measures as proposed in Appendix 2 of the Final Environmental Impact Report (EIR) on Yerba Buena Center. President Wexler requested that Mr. Conrad provide a summary of these measures.

Mr. Conrad indicated that the size and content of these documents was complex and he wished to clarify the issues for the Commissioners. The matter being considered is termed "substantive findings" which are those significant environmental issues coming out of the consideration of the Final EIR draft. This represents the final action that the Commissioners are being requested to take to finalize and complete the environmental review process for Yerba Buena Center at this stage.

Mr. Conrad indicated that the EIR process consisted of three separate aspects, the first of which is the identification of impacts in the EIR which has been completed; the second, concerns the analysis of mitigating factors which alleviate these impacts; and finally, a consideration of those which are not economically or technologically possible of being mitigated. These last two aspects are now before the Commissioners. The Board of Supervisors is also being requested to consider these issues to complete its action on the EIR.

Ms. Blomquist inquired why it was necessary to take a specific action on these matters since they were already included in the EIR, and Mr. Conrad indicated that the Commissioners at the April 25, 1978 hearing had only certified to the accuracy and adequacy of the EIR. Now the Commissioners are concerned as a decision-making body. Prior to that, the Commissioners were setting a certifying body and now they were obligated to set policy. Ms. Blomquist inquired about the issues before the Board of Supervisors, and Mr. Conrad responded that the Board would consider only those items within its control. Ms. Blomquist suggested that these items not be considered in conjunction with the lease.

Ms. Shelley referred to the Project Lease, page 2a., Item 6a. which mentions that the convention center would displace 1,240 existing parking spaces and could generate a need for approximately 100 to 1,350 spaces. She inquired why there was such a wide spread and which figure

was more realistic. Mr. Conrad responded that the reason for the wide range was that it would depend on the time of day parking was used because the minimum demand would be the lowest figure and the highest demand would be the higher figure during the day or during events. He indicated that the average use would be for around 750 spaces and that this specific aspect was evaluated more extensively in the Skidmore Owings and Merrill study.

Ms. Shelley referred to page 3, Item 6b(3), which concerns the potential benefits if low-cost or no-cost parking lots were provided outside the downtown area convenient to transit lines. She wished to know if this would solve the parking problem in Yerba Buena Center or would not these parking lots fill up with commuters coming into the downtown areas and not serve Yerba Buena Center. Mr. Conrad indicated that the possibility of peripheral parking and use of some kind of vehicular shuttle service, as well as parking in the convention center would satisfy some parking requirements. Ms. Shelley next referred to page 3b(4) and (5) concerning the fact that if the convention center is built it would be the policy of the City in the future to provide sufficient parking facilities within or near Yerba Buena Center to accommodate the needs of the visitors at a level which would not encourage the use of private automobiles to attend convention center activities. She inquired what was going to make that a City policy, and what assurances there were it would. Mr. Conrad replied that the Agency is requesting that the Board of Supervisors establish this as a City policy as is within its purview to do. The Board will also need to provide a method for carrying out that policy. It is up to the Agency to be sure this is done. Ms. Shelley referred to page 3b(5) which states that if the convention center is built it would be the policy of the City to be implemented by the appropriate authorities within the City that parking in Yerba Buena Center's public parking facilities should be controlled by the regulation of short-term and long-term parking rates in such a manner as to provide reasonable incentives to the use of public transit in lieu of private automobile transportation. She inquired if Mr. Conrad could explain what rate structure this would be. Mr. Conrad responded that this pertains to a long-term use of any public parking structure by commuters by setting rate structures high at \$6.00 to \$7.00 a day. If it is short-term parking, it would be from two to three hours for 75 cents an hour. Ms. Shelley indicated there was mention of Southern Pacific commuter service and asked how predictable it was that this transportation facility would continue in operation. Mr. Conrad replied that there was no assurance that the service would continue but as long as it did, people should be encouraged to use this commute method by using reduced rate coupon books.

Ms. Shelley next referred to page 7(2) of Section 2 dealing with the dust generated by the spoils-loaded trucks traveling along the hauling routes which could be minimized by watering down the material before the trucks depart and reducing the spills from overloading. She asked what was likely to make the truckers conform to this measure and who had the power to make this requirement. Mr. Conrad responded that this was standard language in all City contracts and this requirement would be written into the contract specifications.

Ms. Blomquist expressed concern about the specific issues itemized in Appendix No. 2 concerning the Statement of Overriding Considerations and questioned the necessity of adopting the appendix because she considered it to be superfluous. Mr. Conrad indicated this was a listing of the economic, social, governmental or other public objectives which in the judgment of the Commissioners were overriding considerations to justify approval of the construction and operation of the convention center. Because there are certain factors for which there is no direct mitigating factor, there needs to be a statement clearly setting forth the overriding considerations which the Commissioners considered. Ms. Blomquist indicated she could see nothing having to do with environmental factors in Appendix No. 2 and she believed it appeared to have more to do with economic aspects and there was no connection with Appendix No. 1. Mr. Richard Sklar, from the Chief Administrators Office of the City and County of San Francisco, indicated that the EIR process requires consideration of a specific informational document by the decision-makers. The EIR states what will happen if the project is carried out and this document describes the impact of some effects which can not be mitigated, and consideration of these are noted in Appendix No. 2 and should be part of the decision-making process when it comes time to make a decision. He noted that decision-makers will have to balance these issues. He commented that there are EIR impacts for which there is no directly mitigating factor but there are reasons why it is recommended that the Commissioners accept these and Appendix No. 2 is a summary which concerns these and the reasons for proceeding with the project despite certain specific effects on the environment. Mr. Sklar indicated that the law concerning the EIR was complex and requires that any negative environmental impacts must be set forth with any mitigating factors as well as those for which there are no mitigating considerations. These must all be considered in making any policy decisions. Ms. Blomquist asked about the source of these items, and Mr. Sklar responded that they were in the EIR. She inquired if the Commissioners had to adopt Appendix No. 2 and Mr. Conrad indicated that it was necessary to complete the process.

President Wexler noted that the EIR set forth the environmental impacts and was an informational document and it appeared these two appendices indicated the Commissioners' concurrence in the mitigations enumerated. He inquired if these were not adopted whether it would prevent proceeding with the project, and Mr. Hamilton indicated that was a question of legal implications. Mr. Conrad responded that it was a requirement of the California Environmental Quality Act (CEQA) that these findings be approved. Ms. Blomquist asked if both appendices were required and he responded affirmatively. President Wexler indicated his understanding that the EIR sets forth the environmental impact information and now the Commissioners are being asked to make a decision on steps that will be taken to mitigate those effects in some areas and accept the other areas where the impacts are not directly mitigated. Mr. Hamilton concurred and noted that the mitigating factors are all extracted from the EIR. Dr. Williams suggested that the rationale was that three more automobiles might be brought in which would pollute the environment.

This would create a negative impact but, at the same time, six more jobs would be provided which would offset the negative impact, resulting in a trade-off. Mr. Conrad concurred in this example. Mr. Glickman inquired about the result if the Commissioners did not act on the EIR and Mr. Conrad responded that the project would stop. He noted that no new action could take place while the EIR is being reviewed and this finding is a condition precedent to the next action which is the project lease. Ms. Blomquist indicated her belief that the Commission had already approved these issues as part of the findings in the EIR. Mr. Robert Kenealey of the City Attorney's Office explained that CEQA was written so that the EIR would provide policy-makers with all information available to aid in making decisions on a particular project. It did not mean there was any approval or disapproval of a project. The implication is that the project would be approved with significant environmental impacts, some of which can be mitigated and others which are not feasible but should be approved because of overriding considerations. All of this data is set down in the two documents. Mr. Kenealey indicated concurrence with Dr. Williams's example that it is better to have six people working even though it brings in three polluting automobiles into the area.

President Wexler inquired if the Commissioners were to reject these considerations, would they be legally endangering the ability of the project to go forward, and Mr. Kenealey confirmed. Dr. Williams indicated that the Commissioners were accepting the fact that certain negative effects would take place and the Commissioners were required by law to explain why this would be. Ms. Berk noted that she understood the necessity for approving Appendix No. 1 but she did not understand why the Commissioners were being asked to consider Appendix No. 2. She believed Appendix No. 2 appeared to be arguments which could be put forth to the Board of Supervisors to encourage that body to approve the mitigating factors. Mr. Glickman explained that the appendices were two different items, and were intended to respond to different legal requirements. Mr. Kenealey explained that the implication is that, despite certain adverse impacts, the Commission has a policy of having the project go forward. Mr. Sklar indicated that Appendix No. 2 simply expands on the reasons for the project to proceed. Ms. Blomquist asked why this could not have been included in Appendix No. 1, and Mr. Sklar explained that the law requires approval of the measures in the form proposed, and because the Agency is a State agency with lead responsibility for the environmental program, the Commission had to play two roles by sitting in on the earlier EIR process and now must consider the appendices. He again noted that Appendix No. 1 states the adverse effects and mitigating measures, and Appendix No. 2 explains the reasons to proceed with the project. He noted that possibly Appendix No. 2 could be worded more generally.

Ms. Shelley referred to page 9 of Appendix No. 1 in Section 13a(1) regarding Geologic and Seismic Impacts and asked what the possibility was of these impacts occurring, such as walls of structures that may crack or lean out of plumb and floors that may be bent or tilted out

of horizontal, and so forth. Mr. Conrad responded that this was a recital of the possible adverse effects and noted the mitigating measure under b(1) is that it states that the convention center would be designed in conformance with the San Francisco Building Code to withstand such damage and provide safety to persons in the center during an earthquake. Mr. Sklar indicated this condition was true of any area of the city and the City contracts include such language as standard procedure. Ms. Shelley referred to Appendix No. 2 under Item 1 in which the term "person years" was used and asked what that meant. She also asked what "indirect jobs" meant. Mr. Conrad responded that the interpretation of 1,840 person years of construction is derived from the EIR estimate of 119 construction jobs in any one given year. "Indirect jobs" refers to the creation of such jobs as suppliers who supply subcontractors, construction fiscal and administrative persons.

President Wexler indicated that he understood staff would continue to review these documents and there may be some changes by next week, and Mr. Hamilton concurred but indicated that no changes were presently anticipated.

President Wexler commented that it seemed strange to consider the bare land in the present Yerba Buena Center area and be asked to compare it to proposed construction. He believed it was unfair to compare the vacant land with what was proposed. He did not believe anyone would prefer to see the land left the way it is. Mr. Sklar indicated that when an area is examined, the requirements of the EIR are that the worst case be considered and presented so the review commences with what is there now and not what was there before. If it was an area with bad sanitation and now there is nothing there, then the cleared area is taken as the norm.

RULE OF THE CHAIR: President Wexler indicated that, subject to objections of the Commission, this item would be continued until next week. There being none, it was so ordered.

- (b) Consideration of execution of a project lease, Yerba Buena Center Approved Redevelopment Project Area D-1.

Mr. Hamilton indicated this concerned the project lease in connection with Yerba Buena Center and staff was prepared to answer any questions. President Wexler indicated there may be some questions in regard to it. He noted that it would be executed by the City and Agency and control the terms of financing for the convention center, including the surface area above the exhibit hall. Responsibility for preparation of these documents has been handled by the firm Orrick Herrington Rowley and Sutcliffe and he requested Mr. Richard Salladin to speak on the matter. Mr. Salladin indicated that the project lease was a method of financing the convention center which has been prepared in accordance with financing methods approved by California courts and which contains a maximum figure for rental of the site. Mr. Salladin believed that this maximum amount would be reduced when the construction bids and bonds were received.

Mr. Glickman indicated that this lease was a financing arrangement and therefore was different from an ordinary lease. He inquired if there would be separate agreements for aspects of the development which were not covered in the lease. Mr. Salladin concurred that the lease was a financing instrument which would be mailed to investment bankers who have no interest in the overall development matters. He indicated that in preparing the lease, the objective was to keep the lease free from matters other than those pertaining to the financing aspects so it would be easier for investment bankers to evaluate. Mr. Salladin indicated, in answer to Mr. Glickman's question, that anything contained in any implementation agreement would not invalidate the lease and would be as enforceable as though these were part of the lease.

President Wexler inquired what the separate agreements would cover since he understood these were still in negotiations. Mr. Hamilton responded that the separate agreements addressed several issues and the method for controlling these would be included in a cooperation agreement between the Chief Administrative Officer and the Executive Director of the Agency. These issues include such matters as the fine arts requirement which relates to the requirement that one per cent of the gross construction cost allocation be for the provision of fine arts for the project, the specific treatment of the surface of the convention center site, and the affirmative action agreement. The details of these have not yet been worked out. The surface of the exhibit hall requires a separate agreement because provision must be made if marketing of the entertainment-cultural facility does not occur, landscaping may be needed to cover the exposed area. Mr. Hamilton indicated that these were illustrative of the matters that would require separate agreements.

Ms. Shelley asked Mr. Hamilton to comment on the recommendations made by Mr. Richard Gryziec on amendments that could be included in the agreements and particularly whether it was feasible and desirable to include them formally as amendments to the agreement, or if these would also be incorporated in separate agreements. Mr. Hamilton responded that staff would have to evaluate the recommendations and Mr. Conrad indicated he had not yet seen them. Ms. Shelley asked for staff's recommendation before the Commissioners acted upon the item.

Mr. Sklar indicated his belief that there were no substantial differences between the City and the Agency on any of these matters nor were there any between the tripartite agreements with the Art Commission or the Human Rights Commission. President Wexler inquired if the separate agreements were at the point where they could be before the Commissioners before they were asked to vote on the project lease, and Mr. Hamilton responded that this would be ideal but that negotiation of these matters could not be concluded by then.

Mr. Glickman indicated that since there would be delays in presenting the Commissioners with the separate agreements, he wished to know if this would affect the Commissioners' approval of the prime lease document and whether they would still have the power to negotiate all separate agreements, and Mr. Salladin responded affirmatively.

Mr. Salladin indicated an escrow would be established on the lease and there will be Agency instructions to the effect that the Commissioners have such authority. President Wexler commented that it appeared even though the project lease is passed the Commissioners had the power to negotiate and execute the separate agreements, and Ms. Shelley questioned if any leverage would have been given up by approving the lease. Mr. Salladin responded that there were several actions that the Commissioners needed to take, such as approval of the bond resolution and he stressed that the ultimate authority was still in the hands of the Commissioners.

In response to Ms. Blomquist's inquiry as to what would happen to the bonds if the Agency were absorbed with another City agency, Mr. Salladin indicated there would be no effect on the bonds. The lease would still be good and there would be no legal effect. Ms. Blomquist questioned what would happen if the proceeds from the hotel tax were insufficient to cover the bond and inquired if the City would draw from the general operating fund to supply the deficit. Mr. Salladin responded that the lease specifies that the rent comes from the general fund but is limited to only that which is supplied by the hotel tax. Ms. Blomquist inquired how deficits would be covered and Mr. Salladin responded that there were no back-up funds to cover a deficit and this was a risk the bondholders took. The City was prohibited from paying out more in rent than that which is payable from the four per cent hotel tax and if the hotel tax is less then it becomes the loss of the bondholders. Ms. Blomquist asked what would occur should the City default and if the Agency would have to be liable. Mr. Salladin indicated that there was no liability for the Agency and noted that the bondholders would bear the risk. The crux of the matter is that the rent is limited to that which can be paid by the hotel tax.

President Wexler asked if his understanding that it was possible to extend the lease an additional ten years was correct, and Mr. Salladin responded affirmatively. President Wexler inquired about the possibility of changing the lease to provide that if in any one year the hotel tax was not sufficient to pay the \$10 million rent, whether, in the second year, the hotel tax was \$12 million, if that difference would be used to make up for the shortfall of the previous year. President Wexler believed this would make the lease more attractive to the bondholders. Mr. Salladin responded that it would be more attractive to bondholders but it was current opinion that it was questionable whether the difference could be captured forward on rental from the second year because there is a prohibition against promises to pay in future years. He indicated he would fully explore this suggestion but he did not believe it was feasible. President Wexler asked if the City were one year in arrears in rent could the City voluntarily pay the extra money. Mr. Salladin answered that a contribution could be made for any purpose dealing with redevelopment. Ms. Blomquist inquired about the \$2.2 million insurance costs estimated for the \$97 million bond issues. Mr. Salladin indicated he did not have this information but would provide it. Ms. Blomquist asked about utility costs and Mr. Sklar replied these were covered

under the operating costs addressed in the lease. Mr. Igoe, of the Office of the Chief Administrative Officer, indicated that the annual cost of utilities was estimated at \$200,000 and the insurance was \$100,000. Mr. Sklar commented that the \$1.1 million is a maximum amount and is included in costs paid by the operators of the convention center. Ms. Blomquist inquired if the Agency's administrative costs were known and Mr. Hamilton answered negatively and indicated there were only estimates based on previous bond issues. Ms. Berk asked what that deficit was being paid out of by the operators of the convention center, and Mr. Sklar responded it would be the difference in hotel tax from the debt service monies. Mr. Glickman asked if the costs were controlled by the four per cent hotel tax and Mr. Sklar responded that there was a specified level of debt service of \$7.8 million with \$100,000 for out-of-pocket costs. President Wexler inquired if this would be altered if costs were higher, and Mr. Sklar answered affirmatively but noted that the hotel tax shows an increase of five per cent per year which is believed to be adequate to cover an increase in cost. President Wexler asked if there was any way the debt could be serviced from surface income and Mr. Salladin replied that the developments were separate and the bondholders would not be involved in the success or failure of the surface development but were interested only in the general credit of the City and its AAA credit rating. In response to Ms. Blomquist's inquiry, Mr. Salladin indicated that the bondholders took the risk and had no recourse against the Agency, and in the event of default, they could sue and the City would lose its AAA rating. The Agency could join the bondholders in suing the City for money due under the lease, if indeed there were a default and failure to meet the debt service. President Wexler inquired what would be the obligation of the City to service the bonds if its allocation were changed during the coming 30-year period, and Mr. Salladin replied that there was no dependence upon the allocation but only a commitment that the City maintain the four per cent hotel tax. President Wexler inquired about the changes made on page 2 of the project lease in Lines 17 and 18 and Mr. Salladin responded that the change made was to accommodate the possibility that the City will derive more from the hotel tax than the amount stated and the City should not be limited to the four per cent if it receives \$25 million annually and this should not all be pledged to the Yerba Buena Center project. President Wexler inquired about the result if the project lease was approved by the Board of Supervisors and bonds were issued but the City would not increase the hotel tax. He wished to know whether the City would be bound to pay up to four per cent toward this hotel tax. Mr. Salladin answered negatively noting that the bonds would not be salable unless the hotel tax was raised prior to sale of the bonds.

RULE OF THE CHAIR: President Wexler indicated that, subject to objection of the Commissioners, this item would be continued to May 16, 1978. There being none, it was so ordered.

- (c) Consideration of execution of a Cooperation Agreement with the Chief Administrative Officer of the City and County of San Francisco concerning the development of the two principal Central Blocks in the Yerba Buena Center Approved Redevelopment Project Area D-1, which assigns lead responsibility for coordinating the development of the services of these two blocks to the Executive Director, and defines the responsibilities and duties of both the Chief Administrative Officer and the Executive Director of the Redevelopment Agency.

Mr. Hamilton indicated this was a Cooperation Agreement between the Agency and the Chief Administrative Officer for the surface of the exhibit hall. This document is still undergoing changes including incorporating one suggested by the Commissioners which has not yet been reviewed by the City Attorney and CAO.

RULE OF THE CHAIR: President Wexler indicated that, subject to objection of the Commissioners, this item would be continued to May 16, 1978. There being none, it was so ordered.

- (c) Consideration of authorizing the Executive Director to negotiate a professional architectural services contract with Thomas Sehulster, architect, to prepare plans for the temporary relocation of the Rochester Clothing from the Mercantile Building to 676 Mission Street, San Francisco.

This item concerns a contract for professional architectural services with Thomas Sehulster who will prepare plans for the temporary relocation of the Rochester Clothing store from the Mercantile Building at Third and Mission Streets to 676 Mission Street. This move was necessary to enable Thomas Sehulster Associates to proceed with the rehabilitation of the Mercantile Building. The professional design services and subsequent building alterations are required to temporarily accommodate the store. After the Mercantile Building is rehabilitated, it is anticipated that the Rochester Clothing store will return to its original location.

Mr. Hamilton indicated that six firms had been invited to express their interest in preparing the design work and three had responded. From these, Mr. Sehulster was chosen as the most qualified to undertake the work. The fee is anticipated to range from \$12,000 to \$15,000 based upon an estimated rehabilitation cost of \$100,000. President Wexler inquired if there was any possibility the store could remain on the site while work is proceeding and how would this contract be affected by that change. Mr. Hamilton responded that in that case it would not be necessary to undertake the contract and this could be controlled because authorization would be needed to proceed with the work. Ms. Blomquist inquired about the location of 676 Mission Street, and Mr. Wayne DeHart, Residents and Business Services Supervisor, indicated that it was adjacent to the E. M. Hundley Hardware Company in the next block east from the Rochester store. Ms. Blomquist inquired about future rehabilitation of that building,

and Mr. DeHart responded that it was just outside the project area and the Agency had no jurisdiction over it at this time. Mr. Lee asked if there was an estimate of the rehabilitation costs for the Mercantile Building and Mr. Hamilton replied that the cost of rehabilitation was not yet known. In response to Mr. Lee's inquiry as to whether there was an Agency policy relating to maximum amounts to be expended for temporary relocations, Mr. DeHart noted that these were subject to HUD approval for any move and for the amount required to make the building suitable for the tenant. Also, City requirements regarding life safety hazards had to be met. Mr. Lee asked if there was a policy on the maximum amount that could be spent and Mr. Earl Mills, Deputy Executive Director for Community Services, responded that there was no maximum for this type of rehabilitation work; however, an unrealistic figure was not proposed.

Ms. Berk asked what would be the disposition of the building after it was brought up to temporary standards, and Mr. DeHart indicated it would be brought up to life safety hazard standards and would require more work to meet City standards and Agency standards. President Wexler inquired why it was necessary to spend money for temporary relocation instead of using a facility that already meets those standards, and Mr. Mills responded that the location depended upon the relocatee's wishes and Rochester Clothing had wanted to be close to the same location. President Wexler inquired if the store relocated out of the area whether it would be entitled to relocation benefits, and if so, the amount. Mr. DeHart responded that three years earlier the Agency had attempted to relocate Rochester Clothing to a building just outside the project and the costs then were estimated at well over \$400,000. President Wexler asked how long it would remain at 676 Mission and Mr. DeHart believed it would be any time from six to twelve months. Mr. Hamilton indicated that the ideal solution would be to work around the store but failing that this course was pursued.

MOTION: It was moved by Mr. Lee, seconded by Ms. Shelley, and unanimously carried that a professional architectural services contract be negotiated with Thomas Sehulster, architect, to prepare plans for the renovation of 676 Mission Street to enable the temporary relocation of the Rochester Clothing store from the Mercantile Building to 676 Mission Street, Yerba Buena Center Approved Redevelopment Project Area.

- (e) Resolution No. 95-78 designating Yerba Buena Foundation, a California nonprofit corporation, as redeveloper of Parcels 728-A, E, and J, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated this concerned a 60-day designation of Yerba Buena Village Foundation, a nonprofit corporation, as developer of the 75,069 square foot Parcels 728-A, E, and J, at the southeast corner of O'Farrell and Scott Streets, for development of 75 units of Section 8 subsidized apartments to

be financed by a California Housing Finance Agency (CHFA) loan. The land disposition price will be based upon \$500 per unit.

Mr. Hamilton indicated that staff had been negotiating with the Foundation since 1976 for the development of these parcels which were previously offered to the public but no acceptable proposals had been received. The Foundation had been unable to formulate a proposal acceptable to both staff and WAPAC until recently and these problems dealt with the method of converting the housing development to cooperative ownership at completion of construction: satisfactory site plans, including site layouts, parking density, open space, building scale, and unit size. Mr. Hamilton indicated that the companion Item 9(f) concerned a parking variance to be considered with 9(e) but acted upon separately.

- (f) Resolution No. 98-78 modification of off-street parking requirement of the Redevelopment Plan for Western Addition Approved Redevelopment Project Area A-2 pertaining specifically to a portion of Block 728, Parcels 728-A, E, and J.

Mr. Hamilton indicated that a parking variance was requested and noted that the City Planning Commission has held a hearing and approved the variance. The modification requires the development of only three off-street parking spaces for every four apartments whereas the Redevelopment Plan required one parking space for each apartment. Mrs. Mary Rogers of the Western Addition Project Area Committee (WAPAC) indicated that WAPAC also supported the request for a parking variance.

Mr. Glickman inquired if this were a nonprofit corporation and, if so, who were the shareholders. Dr. A. Ergina of the Yerba Buena Village Foundation responded that it was a nonprofit entity with a board of trustees consisting of community leaders. There were also people who served as advisors, among them Messrs. Eneas Kane and Stephen Walters, formerly of the San Francisco Housing Authority.

President Wexler indicated that it appeared there was a change being made from the original anticipated use of the parcels, and Mr. Gene Suttle, Area Director for Western Addition A-2, responded that there was no change in the land use because the two parcels were originally proposed for public housing but when the Housing Authority could not proceed, the sites were withdrawn and offered for market-rate development. These are principally Sites A and E that were designated for cooperative housing, and Sites E and J were for market-rate housing more recently. President Wexler inquired if this additional subsidized housing affected overall balance between the subsidized and market-rate housing, and Mr. Hamilton responded the parcel had been offered as market-rate and there was no response. This will be Section 8 co-op housing which will provide ownership opportunity for community residents. In studying the wall map, President Wexler inquired if the building would be constructed

around the entire parcel. Mr. Kernan indicated there would be an entry and egress to the parking from Ellis Street. Mr. Suttle indicated that the site layout had been discussed and there was merit for siting the building in such a way that the parcel on O'Farrell Street was not necessary for access to the parking but the plans were already prepared and included the three parcels. They were designated so that the buildings would not be isolated and the Ellis Street entrance was not desirable because he believed the parking area would be more likely to have vandalism problems and for this reason, he believed that the entrance to the parking would be better on the O'Farrell Street side. President Wexler asked why O'Farrell was better, and Mr. Suttle indicated it was a dead-end street. Mr. Hamilton indicated that there had been much discussion about the site plan and a major redesign of the site was not feasible. He also noted that the developer team supports the plan as does the community. Mr. Lee asked how many of the 75 units would be set aside for the handicapped, and one of the consultants present responded there would be five for this use. Ms. Blomquist asked which sites had been designated for public housing and Mr. Suttle replied it had been Sites A and E located on O'Farrell Street. These were released by the staff of the San Francisco Housing Authority in 1975. Ms. Blomquist asked if Mr. Eneas Kane had been the former director of the Housing Authority and Mr. Suttle responded affirmatively. Dr. Williams expressed his encouragement to Dr. Ergina and the others of the development team in the undertaking of this development.

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Shelley, and unanimously carried that Resolution No. 95-78 be adopted.

In regard to Item (f), Ms. Blomquist indicated she would vote against the parking variance because she believed that the Agency had an obligation to provide adequate parking under Section 8 requirements. Dr. Williams inquired if these were family housing units and Mr. Hal Dunleavy, of Hal Dunleavy Associates, acting on behalf of the sponsors, indicated that the development consisted of 18 one-bedroom units, 39 two-bedroom units, 19 three-bedroom units, and was for low-to-middle income families. Dr. Williams considered that the ratio of three parking spaces for four units to be reasonable based on similar developments in the area.

ADOPTION: It was moved by Mr. Glickman and seconded by Dr. Williams that Resolution No. 98-78 be adopted, and on roll call, the following voted "Aye":

Ms. Shelley
 Ms. Berk
 Mr. Glickman
 Mr. Lee
 Dr. Williams
 Mr. Wexler

and the following voted "Nay":

Ms. Blomquist

and the following abstained:

None

The President thereupon declared that the motion carried.

- (k) Resolution No. 263-77 authorizing execution of amendment for reuse appraisal with Fullerton-Mills, Inc., Yerba Buena Center Approved Redevelopment Project Area D-1.

President Wexler indicated that since Ms. Blomquist may have to leave early, this item would be taken up out of agenda order.

Mr. Hamilton indicated that this item represented an amendment to the reuse appraisal contract with Fullerton-Mills, Incorporated to provide an additional \$30,000 for updating appraisals in Yerba Buena Center, necessitated by new parcel configurations and the age of existing appraisals. Ms. Blomquist recalled that on March 14, 1978 another contract had already been awarded to Fullerton-Mills for the Bayview-North project and asked why proposals were not sought for this new contract because it appeared the Agency was favoring one firm. Mr. Quintin McMahon, Director of Real Estate, Marketing and Business Development, responded that this was the firm that had prepared the previous appraisals for the project and the Agency is able to benefit from the firm's past experience in the project area. A new firm would cost more because it would have to familiarize itself with all of the previous material already understood by Fullerton-Mills. Ms. Blomquist asked what areas Fullerton-Mills had done before, and Mr. McMahon answered it had provided the reuse appraisal in Yerba Buena Center only and was now involved in the feasibility study for Bayview-North and that was the extent of their work for the Agency.

Mr. Glickman indicated his belief it would be better not to deal with just one firm although it would cost the Agency less and that it was the Agency's policy to expose the contract to people who could provide these services either under contract or on an hourly basis. He saw no reason not to put the contract out to bid. Mr. Hamilton indicated that it is not a large contract and would not be bid on because it was a professional services contract which were based on an hourly fee basis. President Wexler indicated that in order to make the fee a controlling factor, the staff would have to determine what they believed the contract should cost and force the contractor to perform by a set number of hours. Ms. Blomquist inquired how the firm was chosen, and Mr. Hamilton responded that it was by the qualifications, experience in an area, and professional experience with other agencies. This firm had previously worked on these appraisals and, in this case, continuity is important since the

appraisals required considerable research. Dr. Williams inquired if there were economic considerations involved since it appeared there would be a saving to the Agency since it could benefit from the firm's knowledge. If this was the case, he believed that then the Agency should pursue its present course. Ms. Blomquist asked if other firms were considered, and Mr. McMahon responded affirmatively but noted it was generally if it were a new project area. The proposals would be solicited and after review of the proposals submitted a firm would have been chosen based upon professional qualifications and estimates of time necessary to complete the work. Ms. Blomquist believed the Agency was leaving itself open to criticism. Ms. Berk commented that appraisals are sometimes variable and it may be advantageous for the Agency to have another firm check on the previous work. Mr. McMahon indicated that normally two appraisals are prepared so there is such a check, but because of these being old appraisals which need only up-dating, it is recommended that the Agency deal with the firm that had originally prepared them. He also noted that HUD had to concur in the appraisals. Dr. Williams indicated that in standard engineering practice the staff engineer provides the Agency with a reasonable estimate so the Agency can compare the figure with what is being charged by the contractor and he suggested the Commissioners may wish to do this for professional services. Ms. Berk indicated that she was not questioning the dollar amounts.

ADOPTION: It was moved by Mr. Glickman, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

At this time, 6:45 p.m., Ms. Blomquist left the meeting.

- (g) Resolution No. 96-78 rejecting the bid received on April 24, 1978 for Site Improvement Contract No. EDA-1, Western Addition Approved Redevelopment Project Area A-2.

This concerns rejection of the one bid received from the B. Fontana and Sons firm for grading the John Swett Community Facility site. Staff has reevaluated the work necessary and feels that by rebidding the job, a better bid can be obtained.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (h) Resolution No. 80-78 authorizing the Executive Director to enter into a rental agreement with the United States Postal Service for the utilization of cleared land in Western Addition Approved Redevelopment Project Area A-2.

This item relates to the lease for the 20,250 square-foot parcel on Steiner and Ellis Streets between the Agency and the United States Postal Service for the purpose of parking letter carrier vehicles and employees' cars. The lease will be for a one-year period with a proposed rental of one cent per square foot or \$202.50 per month. The post office needs this parking because

of a consolidation of a postal facility from 30th Avenue and Geary Boulevard to the Ellis Street facility. President Wexler inquired if there were an alternate option open to the Agency if the site were not used for parking, and Mr. Hamilton replied that as far as was known there was no other use for the land. Mr. Suttle indicated this was the only proposal and the land is presently used as a corporation yard which does not enhance the area. He indicated that the post office would spend \$15,000 to build a redwood fence and landscape the lot. He indicated there was other parking in the area but it was being used by contractors where three buildings were being rehabilitated one-half block off Geary Boulevard and to the east of Fillmore and Steiner Street. President Wexler asked if one cent a square foot was a fair-market rental and Mr. Suttle responded that he did not believe it was but this would be a short-term interim use and he would consider five cents per square foot as being more common. Parking lots have never been put out to bid in Western Addition A-2 and there is also an agreement with the San Francisco Parking Authority that within a radius of five blocks of the Japanese Cultural and Trade Center that public parking would not be provided. President Wexler asked if this proposal had the support of WAPAC, and Mr. Townsend came forward and indicated that the interim use was agreeable. The post office may wish to lease the land permanently and could consider an underground structure for such parking. He indicated some initial concern that rents were too low. He also suggested that vacant land could be used by WAPAC youth groups to raise money by providing parking for events at Winterland Auditorium, the Kabuki Theater, or the Cherry Blossom Festival but this had not been possible because of the Japanese Cultural and Trade Center agreement. He believed the land should be made visually attractive from Fillmore Street.

Mr. Hamilton indicated it was in the nature of a public service to provide parking for the post office. Mrs. Rogers indicated her concern that the post office was moving into the area from another area and bringing in outside people. In response to Dr. Williams inquiry as to whether further discussions concerning a better use of the land and a higher rental would have merit, Mr. Suttle answered negatively, noting his belief that the limit had been stretched to the maximum and the post office at 30th Avenue had lost its lease and needed space for cars. The rental is the best that can be had but it is anticipated that housing construction on the site will be underway by September, 1979, and the post office is taking all the risk in spending its money on the site. President Wexler inquired what would happen if the Agency did not require the site for development at the end of one year, and Mr. Hamilton replied that this rental agreement would be brought back before the Commissioners for consideration of an extension and possible rent raise. Mr. Suttle indicated that the post office lease could then be renegotiated or revised.

Mr. B. McCorsky of the Postal Service came forward and indicated that it would not be necessary to rewrite the lease because when

the fixed term of tenancy is concluded and the post office goes on a month-to-month tenancy, the agreement would permit a rent raise. Mr. Glickman indicated it would be expected that the rent would be raised at the end of the year, and Mr. McCorsky indicated that was acceptable. Mr. Glickman suggested that such a clause should be inserted in the future in the Agency's leases.

At this time, 7:05 p.m., Ms. Berk left the meeting.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted and that in the future a clause be inserted in the lease agreements that if lease was other than a month-to-month tenancy, rental rates would be subject to negotiations at the expiration of the lease between the parties involved.

- (i) Resolution No. 99-78 approving Change Order No. 2 to the agreement for professional landscape architectural services with Michael Painter and Associates, Hunters Point Approved Redevelopment Project Area.

This concerns amendment of the contract with Michael Painter and Associates for professional landscape architectural services for an amount not to exceed \$4,000 to design and prepare working drawings and specifications and provide consultation services for a restroom facility proposed for Ridgetop Park. This was originally not included in the design, but the community requested this facility be included, particularly to serve the amphitheater in the park. Mr. Glickman asked what the facility would cost and Mr. Hamilton replied it would be from \$40,000 to \$60,000. Mr. Jerry Belcher, Assistant Project Director for Hunters Point, indicated that this work may be proposed for the Commissioners to add to an existing contract of \$860,000 or the work may be put out to bid. Mr. Hamilton indicated it would be brought before the Commissioners at that time.

ADOPTION: It was moved by Mr. Lee, seconded by Mr. Glickman, and unanimously carried that this resolution be adopted.

- (j) Resolution No. 90-78 authorizing the Executive Director to enter into a rental agreement with Japan Town Art Movement, a nonprofit community group, for the utilization for garden purposes of two cleared lots located at 1742-46 Laguna and 1864-68 Sutter Streets, Western Addition Approved Redevelopment Project Area A-2.

This concerns rental of a 1,540 square foot parcel on Laguna and a 3,747 square foot parcel on Sutter for use by the Japan Town Art Movement which is a coalition of eight nonprofit community-based groups for use in its garden projects. The group has a director and two gardeners paid for by CETA funds. Dr. Williams asked if this were a permanent use, and Mr. Hamilton replied it was an interim use of the land only. Dr. Williams asked what the ultimate use of the land was and Mr. Hamilton indicated it was designated for the Kimocki, Inc. proposal to

purchase and renovate the adjacent building incorporating this vacant parcel into a facility for the care of the elderly. The other parcel on Sutter Street is included in the Nihonmachi Master Agreement and is intended for the use of the Japanese Cultural and Community Center of Northern California, but construction could not take place on either of these parcels for at least one year. Dr. Williams asked if WAPAC supported use of the land for garden purposes and Mr. Townsend responded affirmatively. Mr. Townsend expressed concern, however, that rodents in the area had increased and there was need for pest control. Mr. Suttle indicated that there was apparently increased rodent activity when the weeds had been taken off the parcels last week.

At this time, 7:10 p.m., Mr. Glickman left the meeting.

Dr. Williams expressed concern that a temporary use may become a permanent one, and Mr. Dennis Taniguchi of the Japan Town Art Movement indicated that one site was designated for Kimochi, Inc. for the elderly care facility and there was also a commitment on the other parcel which presented no problem in this regard. President Wexler indicated that the garden project was a good interim use of the land and asked if there were similar sites that could be used for such purposes. Mr. Hamilton indicated that the Agency had a landscape program in Western Addition Area A-2 where fallow land had been turned into miniparks. President Wexler asked if the Agency allocated land for garden projects and Mr. Hamilton replied affirmatively indicating that land is actively sought and made available in several projects for that purpose. Mr. Suttle indicated there were several community gardens in the area and requests were never turned down for use of cleared Agency land for such interim use. He noted that Yerba Buena Village and Franklin Junior High School sites had been made available to encourage students in such projects.

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

(1) Resolution No. 74-78 authorizing travel.

This is a request for travel for Walter Yamagita, architect, to attend the annual American Institute of Architects conference in Dallas, Texas from May 21 to 25, 1978. The cost is not to exceed \$600 and there would be some benefit to the Agency in presentations to be made on new products and services available for use by architects in their work.

ADOPTION: It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

(a) Resolution No. III-78 authorizing travel.

This concerns a request for travel for Messrs. Wilbur Hamilton, Executive Director, and Thomas C. Conrad, Chief, Planning, Housing and Programming, to attend the Agency's presentation of the UDAG proposal to HUD officials on May 14 to 15, 1978 in Denver Colorado. The Agency was requested by the Mayor's Office of Community Development to make this presentation. Dr. Williams inquired if WAPAC planned to send a community representative, but Mr. Hamilton indicated he was not sure what forum would be used in the presentation. He noted, however, that WAPAC had money in its travel budget and could chose to travel for such a purpose. Mr. Townsend indicated that the proposals for a Fillmore Economic Development Corporation which was a nonprofit development entity for the Fillmore Center could be the subject of consideration at the meeting. Mr. Hamilton believed this may be helpful; however, it was his understanding that HUD was looking for a presentation from the City. President Wexler indicated there would be no Agency action of WAPAC's attendance at the presentation.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

ADJOURNMENT

It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that the meeting be continued to Friday, May 12, 1978 at 4:00 p.m. in the Agency's fourth floor conference room, 939 Ellis Street, for a workshop with Skidmore, Owings and Merrill, consultants. The meeting ended at 7:20 p.m.

Respectfully submitted,



Helen L. Sause
Secretary

STATEMENT BEFORE THE S.F. REDEVELOPMENT AGENCY
MAY 8, 1978

At last week's meeting we raised a number of questions and considerations about this proposed lease agreement. We also asked that you commissioners place yourselves in a position as guardians of the public interests of the people of San Francisco, not as an adversary party in relation to the City, acting in part as landlord, in part as protector of the bondholders' interests. Our response comments today, following last week's exchange among Commission members, City officials and members of the public, are offered in the belief that you do in fact see yourselves as guardians of the public interest.

First, we would like to point out that several of the questions we raised about the proposed lease agreement were evaded in the responses offered by staff of the Agency and the CAO's office. Specifically, neither we nor you received a simple quantitative answer to the simple quantitative questions: a) what is the estimated annual rental charge for which the City will be obligated under Sec. 3(b) ("Additional Rental"); (b) what is the estimated annual cost to the City of "Maintenance and Utilities" as defined in Sec. 5? The public should know this, you Agency Commissioners should know this, and the Board of Supervisors should know this before entering into a lease agreement. \$10.2 million a year for 27 years is bad enough. What more are we committing ourselves to, irreversibly, for the next three decades?

We also note that the changes made in the lease considered last week, reflected in the May 5, 1978 proof, do little to allay the concerns and fears we have outlined. Revealingly, one of the changes not made (although there seemed to be indication such change would be made, following Victor Hong's remarks) was insertion of an auditing requirement to certify the Redevelopment Agency's administrative costs that the City must reimburse under Sec. 3(b)(2). This omission all the more feeds our justifiable fears that all kinds of costs for the care and feeding of this Agency's large staff will wind up being picked up by the City as a back-door arrangement, as it becomes harder and harder for the Agency to get CD money to support itself.

Second, we want to return to the question raised last week about why the public should pick up the tab for facilities that may, if the economic projections your Agency has officially accepted pan out, bring huge additional profits to large corporations and businesses that already have huge profits and huge executive salaries -- the "ideological issue", as Mr. Sklar termed it. We were pleased that at least one Commissioner wanted to explore this question. But we felt Mr. Sklar's response to Commr. Shelley was pretty disingenuous.

Mr. Sklar pulled the classic trick: he attempted to focus your attention on the folks who need jobs, using your concern for their very real needs to cover up and slip in all manner of costs to the public and goodies for those who already do pretty well under our system. We'd regard Mr. Sklar's concern about jobs and low-income and Third World people as a lot more genuine if we saw him pushing as hard for the theme park above the convention center, which will directly provide 1600 jobs -- 10 times as many as the convention center; instead his office's stance is

somewhere between indifference and hostility to that element of the YBC plan.

Let's be candid. The real push for this convention center, for two decades, from the public and private sectors, has come because of the profit interests of the area's big businesses, as most clearly and forcefully represented by the Convention and Visitors Bureau. The primary interest of those people is not jobs for low-income and Third World San Franciscans. While the proposed convention center plan gives a few jobs on the one hand, it extracts \$300 million from the public till with the other hand, money that could be used in far more creative and efficient ways to provide jobs for people who need them, as well as meet their other service needs -- if that were what we were trying to do.

Mr. Sklar, in his speech about the virtues of creating jobs for low-income people in San Francisco, never answered Commr. Shelley's question, never dealt with the issue we raised: why, if it's so profitable for United Airlines, the Hilton Hotel, Liberty House and Trader Vic's, are they paying none of the costs? Why are we, the public, paying it all through tax moneys?

Even for those who think a convention center is such a good idea, what justification is there for not sharing the costs between the public and private sectors, since the projected benefits also are shared? The proposed lease has the public picking up the tab for developing the convention center -- \$234.5 million -- and the tab for operating it -- at least \$1-2 million a year. At a minimum, why not ask that the lease be rewritten to have the private sector finance the convention center's operating losses? Under the system being proposed, we've even built in a mechanism for maximizing the center's operating losses. The EIR itself noted that the hotels and convention industry will constantly be putting effective pressure on the City to keep rental charges down, so as to increase the likelihood of attracting conventions -- that pressure of course will constantly work to maximize the City's annual operating losses. If the private sector had to pick up the tab for these operating losses, they'd at least have to calculate what's best for them, rather than constantly acting in such a way as to pit their own interests against those of the city's treasury. We very seriously and earnestly ask you to reopen this so-called "ideological" issue and study whether a lease that at least apports the costs somewhat more fairly is more in the public interest.

And this leads us to our final point about your role as guardians of the public interest. This lease represents the culmination of a long process of decision-making about YBC which has had as a constant thread a refusal to allow the voters to decide how YBC will be financed and whether they really want it. If you're at all familiar with the history of this plan back to the mid-1960s and the ingenious financing devices fashioned by previous Agency staff members, bond counsels and City Hall officials, you'll know that what I say is true.

The kind of financing being proposed in this lease -- and the contortions to label as general revenues the long-term assignment of the hotel tax to repay bonds -- was something an overwhelming proportion of the voters of San Francisco decided should no longer be done without a vote of the people, when they passed Prop. P in Nov. 1976. An attempt was made in Prop. P to "grandfather in" YBC; but of course the voters had no choice on that one. They had to accept Prop. P as it was offered to them, with all the exceptions Agency staff and City Hall leaders could jam in.

But make no mistake about it -- you are doing something that is an end-run around the voters, something contrary to their expressed wishes in Nov. 1976; and indeed you must implicitly know this is something the voters might not approve now, otherwise why all the contortions to avoid a vote?

Now it will of course be argued that the YBC convention center did come before the voters -- Prop. S at that same election. But that's little more than a fiction. Prop. S was not a bond issue vote, not a commitment of funds, it was merely a very general statement of intention. The campaign and arguments used to get people to support Prop. S were thoroughly dishonest. There was no attempt seriously to inform the voters as to what they were voting for, the costs, the benefits. It was sheer hucksterism and manipulation.

More than that, if one looks back at Prop. S, it is clear that the project and lease you have before you now are very different from what was described in the Voters Handbook (to say nothing of the campaign literature.) While the Controller's Statement in the Voters Handbook accompanying Prop. S has no force of law, it can legitimately be regarded as an elucidation of what the voters thought they were voting for. Let's look at some quotations from that Voter's Handbook:

The Controller stated: "It is my understanding that rental income will be sufficient to pay the costs of operating and maintaining the exhibit hall." That may have John Farrell's and the voters' understanding in Nov. 1976. But the lease before you today has a whole category of "Additional Rental" meant to cover many of those operating and maintenance costs. And it has a whole Sec. 5 which requires the City to pay all "Maintenance and Utilities" for the exhibit hall.

The Controller's Statement also gave a cost of \$140 million for debt service requirement (interest and principal) of an underground convention hall. According to the EIR you certified, that cost in reality will be \$234.5 million. That's \$86.5 million -- nearly 60% -- more than they voted for!

The argument for Prop S in the Voters Handbook, signed by the Mayor and ten Supervisors, describes it as a "convention exhibit hall to be paid entirely by visitors to SF, with not one cent from the property tax... Neither homeowners nor renters will contribute to the project's cost." (underlining in original) As we have pointed out in previous statements, and as the EIR and lease indicate, many, many costs will be borne by the city's property tax -- the Sec. 5 "Maintenance and Utilities" that are not included in the lease payments, the additional losses to Brooks Hall-Civic Center, the additional costs of public services for the convention center, the costs of developing the public spaces in YBC to serve the convention center, future modernization costs, and many others.

In short, the convention center described in Prop. S is not the convention center your lease refers to. To label Prop. S a vote of the public on the YBC convention center is nonsense.

You have an opportunity to extract yourselves from all this past manipulation of the SF electorate. I don't believe anything in Prop. P requires that projects and lease revenue bonds the proposition attempted to grandfather in have to be so exempted. You should not participate in this continuous attempt to disregard the people. You can and should put the YBC bond issue to a formal vote of the people, rather than signing this lease which continues to manipulate the people.

MINUTES OF AN ADJOURNED REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF
SAN FRANCISCO HELD ON THE 12TH DAY OF MAY 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in an adjourned regular meeting at 939 Ellis Street, fourth floor conference room, in the City of San Francisco, California at 4:00 o'clock p.m. on the 12th day of May, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Dian Blomquist
Melvin D. Lee

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and the following were absent:

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Rubin Glickman
Dr. Hannibal A. Williams.

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were John Elberling, TODCO; Charles Gill, Department of City Planning; Yoshio Nahashima, City Planning Commission; Kofi Inkabi and Don Graff, Jefferson Associates; Richard Gryziec, Yerba Buena Gardens; Judge Lee Lazarus, Mayor's Select Committee; Mary Burns, Mayor's Office; John Igoe, Office of the Chief Administrative Office of the City and County of San Francisco; John Kriksen, Mark Goldstein and Charles Shapiro, Skidmore, Owings and Merrill; and Tom Aidala, consultant to Skidmore, Owings and Merrill.

NEW BUSINESS

- (a) Consideration of Urban Design Study Report by Skidmore, Owings and Merrill.

President Wexler indicated that this meeting was convened for the purpose of reviewing the draft report and presentation of the Urban Design Study prepared by Skidmore, Owings and Merrill (SOM). The Commissioners will also consider the implications of the study, but will take no action. Mr. Charles Shapiro came forward to present the highlights of the study to date. He indicated that the framework for their study had been the plan prepared for the area in 1973. The firm had used, as its study objectives, the identity of the area to downtown San Francisco, the division of the land into smaller parcels, achievement of vistas at a human scale, and special emphasis on a development sequence which will grow out of the Commissioners' development priority. President Wexler inquired if the study had analyzed the land cost for housing and Mr. Shapiro responded that this was not an element covered by their contract. Using maps and diagrams, he illustrated the integration of the uses that the study proposes and the linkage of the convention center to the Market Street area. He indicated that the parking proposed for the plan was minimally satisfactory for average usage. In response to Ms. Blomquist's inquiry, he noted that there was no specific evaluation

NEW BUSINESS (continued)

of preserving individual buildings; however, the plan was sufficiently flexible to permit such retention of structures. Ms. Blomquist inquired about the height that would be permitted and Mr. Shapiro indicated the buildings would meet City Planning Code requirements.

Mr. Richard Gryziec came forward and addressed the issue of the urban theme park. He indicated that he was speaking as a private citizen. Mr. Gryziec noted that Mr. Shapiro had shown, on the map, why a total two-block area was needed to provide adequate space for a viable entertainment recreational complex located on the exhibit hall site. He stressed his belief that the two-block area was necessary to provide an economically feasible development. He urged that the Commissioners reject the concept presented by SOM which precluded development of such a theme park. He noted that Concepts 5, 6, and 2 were unacceptable and that even Concepts 1 and 4 were minimally adequate. He also expressed concern about access to the park area and noted that present proposals for the convention center inhibit access to the park and development of the blocks as a single entity. Mr. Goldstein, of SOM, indicated that his study team had not been responsible for evaluating specific aspects of the project, such as the theme park. This study was intended to create a management tool for the Agency to use in determining land uses in the area. He also indicated efforts were being made by the architects of the convention center to address Mr. Gryziec's concern about access to the area. Mr. Gryziec noted that he had wanted the Commission to be aware that Concepts 1 and 3 presented by SOM were different and, by decreasing the area allocated for the park, the nature of the development that could occur would be of a different character. Mr. Shapiro agreed with this statement. Mr. Kernan, Deputy Executive Director, indicated his agreement and suggested that SOM modify its renderings to differentiate the different uses for the two concepts.

Mr. Gryziec indicated that the Commissioners should also consider a plan which would provide a "window" from the convention center park area through to Market Street. He stressed that every developer he had contacted had expressed this as a primary objective. He suggested purchasing the GSA building, or a portion of the building, to provide this visual access. Mr. Gryziec indicated his agreement with the creation of small, interesting spaces which preserved the feeling of human scale in the development, but he stressed his belief that there should be visual access to Market Street.

Mr. John Elberling, Executive Director of TODCO, requested the opportunity to present the views of his Board of Directors at a later date. He indicated that he had just received the study report and wished to obtain comments from his directors before presenting TODCO's reaction to the proposal. Mr. Hamilton indicated that the draft study was not yet concluded and there would be an opportunity for Mr. Elberling to comment on the proposals at a later date. Mr. Kernan indicated that the TODCO development was affected because it may become necessary to consider trading the site on which they are now designated as developers for another parcel. This proposal is a result of more detailed evaluation of the designated site for housing

NEW BUSINESS (continued)

construction. Mr. Kernan also noted that the proposed plan did not preclude TODCO from retaining its development right to the site for which it is now designated. In response to President Wexler's inquiry, Mr. Kernan indicated that the acquisition and removal of the GSA building is one of the options being considered. He noted that GSA officials have expressed an interest in trading their present site for another location within the project area. Mr. Kernan noted that the GSA building property has two buildings and it was possible that only one would have to be acquired.

President Wexler inquired if there were other comments from either consultants, staff, or the general public on the presentation. There being none, President Wexler indicated that there would be a ten-minute recess. The meeting recessed at 5:10 p.m., and reconvened at 5:20 p.m.

Mr. Conrad indicated that the presentation of the preliminary urban design study by SOM was intended to provide background information for the Commissioners on the amendments to the Redevelopment Plan which would be calendared for the Commissioners' consideration at the next Agency meeting. Mr. Conrad indicated, on maps, the proposed changes in use and design changes which are intended to provide the Agency with greater flexibility in determining land uses. Mr. Conrad referred to specific sites, noting primarily the additional areas where housing would be permitted. He indicated that the proposed Plan amendment would exclude parking from the central blocks of the project.

Mr. William Haskell, Associate Planner, indicated the site that would be designated for construction of a hotel.

President Wexler inquired about the procedural aspects to implement the Plan change, and Mr. Conrad indicated that, as the Commissioners indicated their approval of a Plan change, this information would be forwarded to HUD. After appropriate public notice, hearings would be held by both the Agency and the Board of Supervisors to elicit public comment on the Plan changes. At that time, the Commissioners would formally act to approve the Plan change. In response to President Wexler's inquiry, Mr. Conrad indicated that the Planning Commission would be required to take action on the proposed amendment. When the Redevelopment Agency has approved the Plan change, it would be forwarded to the Planning Commission and there would be a 30-day period in which the Commission could comment on its conformity to the Master Plan. President Wexler inquired if the Plan change would affect the Environmental Impact Report and Mr. Conrad responded negatively, indicating that the EIR was designed to accommodate the proposals contemplated in the Plan change. Mr. Hamilton noted that the Commissioners' approval of the concept for the Plan change and authorization to forward it to HUD was sufficient to authorize HUD to proceed with its preparation of the Environmental Impact Statement. He noted that the question of timing on the Plan change would relate to Agency General Counsel's determination if the Plan amendment effected the sale of bonds for the exhibit hall. Mr. Elberling again inquired if this precluded TODCO from receiving a buildable site.

NEW BUSINESS (continued)

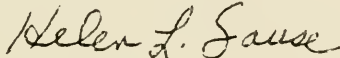
He stressed his concern that before agreeing to a Plan change, the Board of Directors would want to be sure it did not preclude their obtaining a site. President Wexler assured him that this would not change the status of TODCO but only opened the possibility of a more desirable building site.

There being no further business, the meeting adjourned at 6:10 p.m.

ADJOURNMENT

It was moved by Ms. Blomquist, seconded by Ms. Shelley and unanimously carried that the meeting be adjourned.

Respectfully submitted,

A handwritten signature in cursive script that reads "Helen L. Sause".

Helen L. Sause
Secretary

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
16TH DAY OF MAY 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 16th day of May 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Rubin Glickman
Melvin D. Lee
Dr. Hannibal A. Williams

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and the following was absent:

Dian Blomquist

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Mary Rogars, Benny Stewart, Arnold Townsend, and C. Howard, Western Addition Project Area Committee (WAPAC); Lyman Jee, Ralph Torello, Joe Carey, Henry Poy, Bob Collins, Clark Gillespie, and Paul Verriere, Arcon/Pacific-Campeau Corporation California; Bruce Owen, Sonnenblick-Goldman; R. Cowan, West Coast Salesmen's Association; John Igoe, Office of the Chief Administrative Officer of the City and County of San Francisco; Robert Keneale, Office of the City Attorney of the City and County of San Francisco; Richard Salladin, Orrick, Herrington, Rowley and Sutcliffe; Ted Frazier, Teall Henderson, Theresa Jean, Shirley Davis, Harrita Burroughs, and Harold Brooks, Jr., San Francisco Coalition; Richard Gryziec, Yerba Buena Gardens; Chester Harman, Mayor's Select Committee on Yerba Buena Center; and Lawrence Jacobs, interested citizen.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

It was moved by Ms. Shelley, seconded by Dr. Williams, and unanimously carried that the minutes of an Executive Meeting of April 18, 1978, as distributed by mail to the Commissioners, be approved.

SPECIAL APPEARANCES

- (a) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 1100-D, Western Addition Approved Redevelopment Project Area A-2.

SPECIAL APPEARANCES (continued)

RULE OF THE CHAIR: President Wexler indicated that this public hearing would be continued to May 30, 1978, at 4 p.m. in the seventh floor conference room at 939 Ellis Street.

- (b) Public hearing to hear all persons interested in the matter of the consideration of whether the Redevelopment Agency of the City and County of San Francisco shall enter into a Project Lease with the City and County of San Francisco, a municipal corporation, for the leasing of certain land in the Yerba Buena Center Approved Redevelopment Project Area D-1, for the purpose of construction by the City and County of San Francisco of a convention center, together with appurtenances in connection therewith for public assembly and convention purposes. The Redevelopment Agency proposes to consider whether to enter into the Project Lease and to lease said project land, known as Disposition Parcel 3734-A, to the City and County of San Francisco. (Continued from May 9, 1978.)

President Wexler announced that for the purpose of informing any interested members of the public, the copy of the proposed Yerba Buena Center Project Lease, which has been available for public inspection since April 28, 1978, has undergone several revisions. The latest copy of this proposed lease, proofdated May 12, 1978, will be available for inspection throughout this public hearing at the desk near the press table. It has been marked to indicate the revisions which have occurred since opening of the public hearing on May 9, 1978.

President Wexler indicated that for the benefit of those who wished to testify it is the practice of this Agency to take public comment on all items on the agenda. Some items are required to be noticed and calendared for a public hearing, but the Commissioners have a policy of inviting comment on any items on the agenda. He noted this particularly in regard to those YBC items on the agenda but not formally listed for public hearing. President Wexler also indicated for the benefit of those present in regard to Item 9(c), that item will be continued until next week.

The public hearing to hear all persons interested in the matter of the project lease for Yerba Buena Center then continued.

Mr. Richard Gryziec came forward and indicated that he was a consultant to the Agency on the proposed recreational complex in Yerba Buena Center. He indicated, however, that on this occasion he was speaking as a private party and not necessarily reflecting any opinion of the Agency's staff in bringing to the Commissioners' attention three items concerning the convention center that pose problems relating to design. Mr. Gryziec suggested that these be made part of an implementation agreement before the project lease is approved.

Mr. Gryziec indicated that the first item had to do with whether there would be space for the heating and air conditioning utility facilities for the surface uses on the convention hall site because any development there will require such facilities. The second item of concern was with the design of the exhibit hall which places emergency exits on Howard and Third Streets and in so doing makes these exit areas attractive to

SPECIAL APPEARANCES (continued)

persons who might wish to loiter or hide in the shelters. In his opinion, this would be a detraction from the project. He indicated that Europeans try to keep such recreational areas clean and safe for people, which diminishes the possibility for untoward incidents to occur. The third item of concern to Mr. Gryziec is the location of access stairs at Fourth and Folsom. The designers have placed a service area in this location and this is not satisfactory. He indicated he had requested correction of these three items since last September and his most recent request was two weeks ago, but to date there has been no response from the Office of the Chief Administrator. Mr. Gryziec suggested that the Commissioners consider amending the lease to include the following: (1) appropriately sized space for utilities for air conditioning and heating should be provided in a location satisfactory to the Agency; (2) the exhibit hall emergency exits should be satisfactory to the Agency; and (3) the emergency exits should be relocated in an area satisfactory to the Agency. He believed that now was the time when these matters should be resolved.

Mr. Hamilton indicated these matters were under consideration and the Agency was also concerned about them. The planning and architectural staff has advised the City's liaison staff and these are being worked on. President Wexler asked Mr. Hamilton to comment on controls available later to implement these concerns if the project lease were approved today, and Mr. Hamilton replied that the Agency needs to take action to approve the lease so that the construction contract and issuance of bonds can go forward. These are other matters which will require approval by the Commissioners at a future date, so there will be additional opportunities to reach agreement on the necessary implementation agreements.

Ms. Shelley noted that Mr. Gryziec was making specific proposals about an amendment to the lease agreement to be acted upon today. She requested staff to respond to this proposal.

Mr. Hamilton indicated bond counsel had advised staff that the project lease should be only a financing document, but since there were other matters which needed to be covered, these could be addressed by separate agreements. He indicated that the matters to be covered in such implementing agreements had already been transmitted to the City in writing by staff.

Mr. Glickman indicated that it was his understanding that Mr. Gryziec had made his statement as a member of the public; however, because he had been a consultant to the Agency it appeared his suggestions were embodied in staff recommendations. Mr. Hamilton responded that this was the situation and that these technical concerns were being considered by staff and had already been expressed to the City staff.

Mr. Lee indicated that Mr. Gryziec had spoken as a private citizen, and asked what would happen if Skidmore, Owings and Merrill disagreed with his suggestions on design. Mr. Hamilton responded that Mr. Gryziec's

SPECIAL APPEARANCES (continued)

input had also been submitted as part of his consultant work. He noted that staff is not bound to accept a consultant's advice, and recommendations will be based on the staff's best judgment.

Ms. Berk indicated that the Commissioners had not heard from staff or other consultants on any recommendation that would be contradictory to Mr. Gryztec's recommendations. She also noted that there had been no discussion of the surface treatment by Skidmore, Owings and Merrill last week. Mr. Hamilton replied that the architect of the convention center would be requested to make a presentation to the Commissioners which he believed would be of assistance in evaluating the entire development.

Mr. Chester Hartman, of the Mayor's Select Committee on Yerba Buena Center, came forward and indicated that last week he had raised two matters concerning the public policy regarding the lease and asked for some response. The first issue was, if the convention center was profitable, was it not logical to allocate some of the costs of the center to the private sector instead of having all of the development costs paid from public funds. He indicated that members of the City Planning Commission had thought that this was an interesting proposal and could be worked out. His second concern was why the voters were not to be allowed to vote for Yerba Buena Center. He indicated that they had voted on Proposition S, but the bond issue now proposed for construction of the center was a different one from the one in Proposition S. Mr. Hartman indicated that there was nothing in Proposition P that precluded the matter being placed before them so they could vote on the project. The former convention center of \$65 million is less than the cost of the present proposal. He urged that the voters be allowed to vote on the bond issues for this project.

Mr. Hamilton indicated that this matter had been thoroughly researched and it is unnecessary to introduce electorate approval.

Mr. Richard Salladin, of Orrick, Herrington, Rowley & Sutcliffe, the Agency's bond counsel, came forward and indicated that Mr. Hartman's assumption that businesses will profit from the convention center when these were making a direct contribution to the development costs did not take into consideration that the hotel tax is retiring the bonds for the center. This was before the Finance Committee of the Board of Supervisors last Wednesday for consideration, and they explored the financing issues. Mr. Salladin indicated that the bond holders would be looking to the hotel tax as the source of funds to pay for the bonds. In regard to the second question raised by Mr. Hartman as to why the voters would not again vote on this proposal, it is because they had previously voted on the center and 58 percent of the vote was favorable.

Mr. Hartman indicated his belief that the taxpayers were being penalized by not being allowed to vote, and he believed some of the convention center businesses could absorb the operating losses of the convention center, and it was a question of public policy to determine the source of those funds.

SPECIAL APPEARANCES (continued)

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Ms. Shelley inquired how Mr. Hartman would propose to determine who will benefit from the convention center and decide the fair share any particular industry should contribute to the center. Mr. Hartman indicated that he did not know how this would be done but he believed that it was a good idea in principle and that the City and convention industry could work it out. He suggested that the Agency could also ask its consultant to develop the mechanism for accomplishing this. He alleged that the convention industries which would benefit are well known, and such businesses as the airlines, hotels, and department stores should be asked to work something out and pay for the operating costs.

At this point, 4:45 p.m., Dr. Williams excused himself from the meeting.

Ms. Berk indicated that it appeared that Mr. Hartman was saying that a non-profit corporation should be formed for receipt of contributions from those who will use the Center. Mr. Hartman indicated that the public should not pick up any of the operating costs. Ms. Berk indicated that if this was negotiated with the City, then it was up to the Board of Supervisors to determine how the Center may be operated, and she asked if Mr. Hartman believed that this was something the Agency should recommend. Mr. Hartman indicated that different parties were working together and he asked that the Agency not be an adversary but be interested in developing and considering this concept.

At this point, 5:00 p.m., Dr. Williams returned to the meeting.

President Wexler indicated his understanding that the question that had been raised by Mr. Hartman concerned the Commissioners role and their responsibilities as citizens of San Francisco. Mr. Hartman had asked the Commission to consider whether they had the obligation to advise the Board of Supervisors how to expend funds raised by the City. President Wexler indicated that the Agency cannot assume responsibility for determining the Budget of the City nor how expenditures should be met from City funds. This authority was vested in the elected Supervisors and Mayor and it would be inappropriate for the Commissioners to attempt to impose their judgment on funds authorized for expenditure by the voters and the Board of Supervisors. He stressed that the Commissioners were charged with responsibly administering the expenditures of the Agency. If the Commissioners presumed to dictate the way in which the Supervisors expended City funds, they would be usurping the budget function of the Mayor and the Board of Supervisors. He stressed his belief that that was an inappropriate role for the Agency to assume. President Wexler indicated that in response to Mr. Hartman's opinion that the voters were being avoided through the use of the Agency's legal powers, he believed that the Commissioners were fulfilling the Agency's function in making an economic decision permitted by law. The Board of Supervisors was responsible for ascertaining the need for this development. If the Agency attempted to substitute its judgement for decisions already made by the Mayor and the Supervisors, it would again be assuming an inappropriate role.

Mr. Hamilton noted that Mr. Hartman had indicated that the cost of the bond issue was less than \$140 million and the cost of construction \$120 million which was some 30- to 40 percent greater than the bond indebtedness considered by the voters. Mr. Hamilton indicated that the low bid for the convention center alone was \$106.3 million. Mr. Hartman indicated he was referring to Proposition S which established the cost of the convention center at \$147.9 million

Mr. Salladin indicated bond issues of this type had been issued by the Agency before in the same manner for Hunters Point, and this did not require a public vote. President Wexler indicated that it appeared that the basic argument is whether the financing can be done without the voters' approval. Mr. Salladin responded that the Board of Supervisors' authority

SPECIAL APPEARANCES (continued)

is limited by Proposition P and the Agency is legally empowered to undertake this type of financing.

Mr. Glickman expressed the opinion that the Agency is responsible for both the convention center and the other undeveloped acres in YBC. That land will remain vacant unless the Agency undertakes all actions to change the condition of the land to bring in revenue to the City. He said there had been a vote, but in the meantime, costs had escalated and no one could anticipate the problems that exist, and there was no way of encompassing future changes. The voters indicated they wanted a convention center and it would take another year and still conditions would change. He indicated he was not in favor of that. Mr. Hartman indicated the voters should be asked for a specific amount. He believed the Yerba Buena Gardens park would be sufficient to generate jobs and income for the City, and no need existed for a convention center. Mr. Glickman disagreed and indicated it was his opinion that it was necessary to build the convention center and also to evaluate the potential of the park development. Mr. Hartman thanked the Commissioners for taking the time to consider the issue, and President Wexler thanked those who had participated and offered their comments.

There being no further persons wishing to appear in connection with this matter, the President declared the public hearing closed.

- (c) Public hearing to hear all persons interested in the matter of the transfer and assignment of interest of Arcon/Pacific, Ltd. to Yerba Buena Venture, Parcels 3706-1 and 3723-6, Apparel Mart and Market Street Tower, Yerba Buena Center Approved Redevelopment Project Area D-1.

President Wexler opened the public hearing to hear all persons interested in the matter of the transfer and assignment of interest of Arcon/Pacific, Ltd. to Yerba Buena Venture, Parcels 3706-1 and 3723-6, Apparel Mart and Market Street Tower, Yerba Buena Center Approved Redevelopment Project Area D-1.

Mr. Mel Ury, Project Director, came forward and indicated that the Commissioners had received a memorandum concerning a request by Arcon/Pacific to assign a substantial interest in the Market Street Tower and Apparel Mart to Campeau Corporation California. He noted that the Commissioners had previously been informed that the extent of interest of each of the parties was to be 50 percent. The parties have changed this percentage and the extent of interest of the parties to the joint venture will be in a range of 30 to 50 percent for Arcon/Pacific, and 50 to 70 percent for Campeau California Corporation. Mr. Hamilton noted that both parties have conformed with HUD and Agency anti-speculation requirements and are submitting a certified statement that there is no profit involvement.

Mr. Lyman Jee, of Arcon/Pacific, Ltd., came forward and introduce several of the principals, among them being Messrs. Reg Cooley, of the West Coast Salesmen's Association; Clark Gillespie; Bob Collins, Campeau Corporation;

SPECIAL APPEARANCES (continued)

Controller Joseph Carey; Attorney~Paul Verriere; Bruce Owen, of Sonnenblick-Goldman; and Henry Poy and Ralph Torello, of his staff.

There being no other persons wishing to appear in connection with this matter, President Wexler declared the public hearing closed.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) A meeting took place in Denver, Colorado, with a HUD task force in connection with San Francisco's Urban Development Action Grant (UDAG) at which he, Tom Conrad, Chief of Planning, and Wade Woods, a community representative, also attended. The workshop session was useful and provided HUD's input as to what material was necessary to secure HUD's favorable consideration of the application.
- (b) The Agency has been advised that the United States Postal Service has accepted the contract for the India Basin Industrial Park site and the design of the building is now underway and will take approximately one year. President Wexler indicated that the Commission was pleased to have this development moving forward.

UNFINISHED BUSINESS

- (a) Resolution No. 100-78 finding that execution of a Project Lease will have specified significant effects on the environment, that specified feasible mitigation measures and alternatives will reduce said impacts, that specified social, economic, or other considerations make additional mitigation measures and alternatives infeasible, and that specified overriding considerations further justify approval of the Project Lease, Yerba Buena Center Approved Redevelopment Project Area D-1.

Mr. Hamilton indicated that this concerned approval of the mitigating measures as proposed in the Environmental Impact Report (EIR). He recalled that there was considerable discussion at the last Agency meeting on the California Environmental Quality Act (CEQA) requirements for the findings the Commissioners have to make in connection with Yerba Buena Center's EIR. Mr. Hamilton indicated he had requested the legal staff to verify the amount of detail necessary to include in Appendix No. 2. He was advised that they and the City's counsel for the EIR both believed the adoption of these findings was necessary.

MOTION: It was moved by Dr. Williams that this resolution be adopted.

In response to President Wexler's request, Dr. Williams indicated that he would hold his motion. President Wexler indicated that he had a question about Appendix No. 1, pg. 2, 2b, items 1 and 2. He inquired how the Agency would seek to implement these items which pertained to fire protection over which the Agency had no control. Mr. Conrad

UNFINISHED BUSINESS (continued)

responded that in this case the implementation fell within the purview of the Fire Department and the building code of the City and County of San Francisco and would be undertaken by the City. The Board of Supervisors would also adopt these mitigation measures. President Wexler questioned a statement therein to the effect that the Commissioners recommend that the City do certain things and asked about jurisdiction of the Agency versus that of the City. President Wexler believed there should be explicit language because the Commissioners were being asked to concur on both Agency and City jurisdiction items, and he was concerned about the Agency agreeing to carry out items which belong more properly to the City.

Mr. Robert Kenealey, of the City Attorney's Office, responded that the California Environmental Quality Act (CEQA) requires these findings be made as it is one of the lead agencies, and the Board of Supervisors' adoption would assure the Agency that the City would fulfill its obligations. He also noted that it would assure the Commissioners of ultimate control because they have to approve final plans for the convention center.

President Wexler inquired about 3a on page 2 of the mitigating measures which proposes mitigation by putting a public park on the surface. Mr. Conrad indicated that this did not commit the Agency to build a park but only build a convention center.

President Wexler indicated that this section concerned provision of a park above the convention center and inquired if there could be some misunderstanding if a park were not constructed and he asked if the language was sufficient to protect the Agency. Mr. Conrad answered affirmatively. Mr. Kenealey responded that the approval of the mitigating measures pertained to the convention center and had nothing to do with authorizing the theme park and had no binding effect to do so. President Wexler asked what steps needed to be taken if the Commissioners approved a theme park development on top, and Mr. Kenealey indicated that no additional mitigating measure would be required. President Wexler referred to page 8, Section II, concerning noise.

At this point, 5:35 p.m., Mr. Lee left the meeting.

President Wexler asked if these requirements precluded weekend work for heavy construction, and Mr. Conrad indicated it would require a waiver to the noise City ordinance which makes such work possible at times other than during the normal working day.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Glickman, and unanimously carried that this resolution be adopted.

At this time, 5:40 p.m., Mr. Lee returned to the meeting.

- (b) Resolution No. 101-78 approving and authorizing the execution of a project lease, Yerba Buena Center Approved Redevelopment Project Area D-1.

UNFINISHED BUSINESS (continued)

Mr. Hamilton indicated this concerned approval of the project lease for Yerba Buena Center and that there was a May 12, 1978 copy, and copies of this lease were available for public scrutiny with the changes noted. Mr. Salladin indicated the changes were minor and there were no substantive ones.

ADOPTION: It was moved by Mr. Lee, seconded by Dr. Williams, and unanimously carried that this resolution be adopted.

- (c) Resolution No. 102-78 authorizing the Executive Director to execute a Cooperation Agreement with the Chief Administrative Officer of the City and County of San Francisco concerning the development of the two principal central blocks in the Yerba Buena Center Approved Redevelopment Project Area D-1, which assigns lead responsibility for coordinating the development of the services of these two blocks to the Executive Director and defines the responsibilities and duties of both the Chief Administrative Officer and Executive Director of the Redevelopment Agency.

Mr. Hamilton indicated that the proposed Cooperation Agreement provides the basis for the Chief Administrative Officer (CAO) acting for the City and the Executive Director acting for the Agency to work jointly to develop the central blocks of the YBC project area. The Agency has responsibility for the exhibit hall surface and will be responsible for the coordination and marketing of this site. President Wexler asked if the Commissioners had ultimate responsibility for development, and Mr. Hamilton answered affirmatively, noting that their responsibility was not altered and that all matters would be calendared for approval.

Ms. Shelley indicated some concern about the questions from Mr. Gryziec on the convention center design and asked who was dealing with these items. Mr. Hamilton responded that the issues raised by Mr. Gryziec and staff had not all been resolved but were the subject of continuing discussions. President Wexler asked if the implementation agreements would be worked out and brought back before the Commissioners, and Mr. Hamilton responded affirmatively.

President Wexler indicated his appreciation for the work that had gone into the convention center and wished success for it because he believed it is the cornerstone of the project area.

ADOPTION: It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

NEW BUSINESS

- (a) Resolution No. 110-78 authorizing Proposed Redevelopment Plan Amendment, Yerba Buena Center Approved Redevelopment Project Area D-1.

This represents a plan change proposed to allow for greater flexibility in decision making for the project. The Commissioners are requested to

NEW BUSINESS (continued)

indicate approval of the concept to enable HUD to complete the EIS primarily with regard to design aspects, which are (1) convention center which will be located on Central Block 3 and underground if financially feasible; (2) no underground parking structure in the Central Blocks 2 and 3; and (3) the matter of the Agency's intention to pursue a recreational-entertainment-cultural complex within Central Blocks 2 and 3. Mr. Conrad indicated that the purpose of the plan amendment was to assist HUD in completing the EIS which is now in draft form and later would be the subject of public hearings to be held by the Agency and the Board of Supervisors. He indicated that two years of planning effort had gone into Yerba Buena Center which included recommendations made by the Mayor's Select Committee, preparation of the EIR, and the work of Skidmore, Owings and Merrill. He indicated on land use maps the existing plan and the changes that are proposed. The land use calls for downtown office space and retail areas, and now includes areas where housing can be built on the peripheral blocks. Towards the freeway, light industrial use is now permitted along with parking. Mr. Conrad noted that housing for the elderly was encouraged where allowed to the west of Fourth, south of Folsom, and east to Third Streets. Market-rate housing was also encouraged between Third and Fourth to the north of Howard and east of Third Streets. He indicated that HUD would be informed of all the proposed changes and deletions.

Ms. Berk asked if HUD's information of the EIS was dependent upon any changes made, and Mr. Conrad answered affirmatively and indicated that this information will enable them to re-evaluate the environmental aspects of the project. He also indicated that there will be a public review period of 45 days on the draft EIS, and HUD will respond to comments and then make its decision.

President Wexler inquired about the plan changes to expand the proposed use of certain parcels to include housing, and Mr. Conrad responded that there would be a number of parcels where housing uses would be permitted and indicated their location on the map. President Wexler asked if the proposed TODCO development would be moved to another site, and Mr. Conrad replied that this was permitted in the plan change because Skidmore, Owings and Merrill thought another location was better for housing than where it is presently proposed to be located. He noted that these sites could be used for either business or housing.

ADOPTION: It was moved by Mr. Glickman, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

- (b) Resolution No. 109-78 authorizing transfer and assignment of interest of Arcon/Pacific, Ltd. in the apparel mart and Market Street Tower, Parcels 3706-1 and 3723-6, to Yerba Buena Venture, and authorizing memorandum of agreement, dated February 19, 1978, Yerba Buena Center Approved Redevelopment Project Area D-1.

Mr. Hamilton indicated that Arcon/Pacific, Ltd. had requested Agency approval of an assignment of interest in two land disposition agreements to Yerba Buena Venture, a joint venture consisting of itself and

NEW BUSINESS (continued)

Campeau Corporation of California. Mr. Hamilton noted that the division of interests were originally to have been 50-50, but the parties have now changed this to a range of 30- to 50 percent for Arcon/Pacific, Ltd. and 50- to 70 percent for Campeau Corporation California. This change does not violate anti-speculation regulations, and staff believes it will strengthen the capacity of the developer and therefore recommends approval.

Mr. Clark Gillespie, of Campeau Corporation of California, came forward and indicated that full disclosure would be made to the Agency regarding the financing responsibilities being assumed by the corporation and no anti-speculation regulations were being violated. He indicated that final arrangements were still under negotiations and could not be fully disclosed at this time, but the final arrangements would be submitted to the Agency. Mr. Jee noted that Campeau Corporation of California was wholly owned by Campeau Corporation of Ottawa, Canada, and that, as was customary for a foreign company, it had formed a separate corporation in California. Mr. Paul Verriere, of Campeau Corporation of California, indicated that a separate corporate entity was formed for tax reasons, and the company preferred a separate United States entity. He indicated the company had substantial holdings in California and was not a shell corporation. Mr. Glickman inquired about guarantees that Campeau would give to insure project completion, and Mr. Verriere responded that assurance of capacity for project completion was part of the financial documentation given as security for repayment of the loan, and it comes from the parent corporation and is in draft form at this time.

Ms. Shelley indicated her understanding that the joint venture would cover all aspects of the project and not just the apparel mart, and Mr. Jee responded that this first action applied only to the apparel mart. President Wexler asked what the total assets of both companies were, and Mr. Verriere replied \$22 million for Campeau Corporation of California, and this consisted of \$12 million in raw land and \$10 million in improvements. The parent company has \$600 million in assets.

President Wexler questioned whether the Commissioners should authorize the joint venture with the California corporation before having evidence of support from the parent company and before the partners have resolved the division of interest amongst themselves. Mr. Hamilton indicated that there was another factor to be considered and that was that Arcon/Pacific, Ltd. was under a time deadline imposed by a memorandum of agreement between the City, Agency and itself, and it was desirable to act on this matter to allow the maximum time to meet that deadline on less than the normal amount of information normally requested in order to accelerate the process. If the range of interest is not acceptable, then it will not be recommended for approval.

President Wexler asked if there were any guidelines regarding allocation of interest within the joint venture. Mr. Verriere indicated that the joint venture would be up to 70 percent in financing interest and

NEW BUSINESS (continued)

its responsibility would be on a 50-50 percent basis for management. Campeau will supply 100 percent of the equity financing and all future costs will be on the 30- to 70 percent basis. Mr. Glickman indicated his understanding that Campeau was going into the joint venture as a financing partner and using its line of credit to do the development of the project, but it will not contribute capital at this time to the Arcon/Pacific, Ltd. to return its initial investment. Mr. Verriere answered affirmatively and indicated that Campeau may purchase out the limited partnership interest. Additional capital will be supplied by the joint venture. Mr. Glickman indicated that he wanted to see the buildings constructed in the project and was not concerned about the division under the joint venture. President Wexler asked if this 30- to 70 percent interest arrangement was something the Agency had done before.

Mr. Hamilton indicated that he did not believe this was a matter of precedent. Mr. Glickman indicated that if this was not permitted by law, then it should not be done. Mr. Hamilton stated that he knew of no legal restraints.

Dr. Williams indicated his support for the change. Mr. Richard Thomas, Agency Attorney, indicated he knew of no law being violated and HUD was only concerned with the anti-speculation aspect. If need be, the financing structure could be conditional upon whatever statements the Commissioners wished, and he saw no problem except that of time. Ms. Shelley indicated she wished some clarification of the relationship between the joint venture and the deadlines in the Memorandum of Agreement previously worked out with Mr. Jee. Mr. Hamilton responded that the Commissioners were only approving the joint venture, and this would not affect any deadlines. President Wexler indicated that the joint venture would have to work out the percentage and the Agency would have to have sufficient information about the responsibility of the parent company. Mr. Hamilton concurred and noted that there was a deadline for providing evidence of mortgage financing by the joint venture, and this was a matter that would be brought before the Commissioners. President Wexler asked if this would be worked out prior to June 1, 1978, and Mr. Quintin McMahon, Director of Real Estate, Marketing and Business Development, responded that it would not since it was a matter between the parties and the joint venture would be presented to HUD for final approval as acted upon by the Commissioners. Mr. Thomas indicated that the joint venture was only required to provide the identification of the partnership and the percentage of interest.

Mr. McMahon indicated that the public disclosure statement will include documents which verify creation of the partnership. President Wexler inquired if the disposition agreement indicated the conditions. Mr. Thomas indicated that staff recommended approval conditioned upon submission of satisfactory documentation by June 1, 1978.

Dr. Williams expressed concern about the length of the discussion because he needed to leave the meeting.

NEW BUSINESS (continued)

President Wexler indicated that he had another question he wished to ask. Mr. Lee indicated that he was ready to vote on the matter.

MOTION: It was moved by Mr. Lee, seconded by Dr. Williams that the resolution be adopted.

Ms. Shelley indicated that there was a regular procedure for closing debate and stressed her belief that the Commissioners should have an opportunity to ask all of their questions before the matter was brought to a vote.

MOTION: It was moved by Mr. Lee and seconded by Dr. Williams that debate on Resolution No. 109-78 be closed, and on roll call the following voted "Aye":

Mr. Glickman
Mr. Lee
Dr. Williams

the following voted "Nay":

Ms. Berk
Ms. Shelley
Mr. Wexler

and the following abstained:

None

The President declared the motion failed.

Ms. Shelley indicated her belief that the Commissioners were dealing with important public business and she wanted the Commissioners to have the opportunity to fully explore all implications of all matters brought before them.

At this point, 7 p.m., Dr. Williams left the meeting.

President Wexler inquired how staff had established the involvement of the parent company and asked if supporting documentation had been received from the Canadian corporation pertaining to its California entity. Mr. Hamilton indicated the deadline of June 1 for submission of financial data on the apparel mart would require submission of material to establish the financial capacity of the joint venture. President Wexler expressed concern about the feasibility of the mart, inquiring if sufficient tenants had been secured to obtain financing. He noted that the market test of securing tenants would be proof of the viability of the development. In response to his inquiry as to how many lease commitments had been obtained, Mr. Jee indicated that Campeau had pledged its support without evidence of tenant leases. Paul Verriere indicated that financial institutions require a certain level of pre-leasing, and he noted that 50 percent pre-leased space would be required to interest a lender and provide evidence that the project was feasible. Mr. Jee indicated that

NEW BUSINESS (continued)

evidence of such leases would be available by June 1, 1978, and that at the present time approximately 160 leases had been obtained. Mr. Verriere indicated that the parent company indirectly through its financial ties to the California corporation would bring its full credit to back the California corporation. He also noted that these prospective tenants have signed a letter of intent and have been sent leases to execute. In addition, the West Coast Salesmen's Association has committed its organization to show in the new apparel mart for a 20 year period. He noted other groups that were interested in participating in the mart. In response to President Wexler's inquiry, Mr. Jee indicated that approximately 55 percent of the space has been leased.

Mr. Glickman indicated that a major developer would not commit his resources to a development that was not substantiated by a certain percentage of leases. He noted that allegations had been made that San Francisco could not support two apparel marts; however, he believed that leases would provide evidence that this development was viable.

In response to President Wexler's inquiry, Paul Verriere indicated that a resolution requiring Campeau to guarantee the involvement of the parent company would cause problems. He noted that for financial reasons the Canadian company would not be able to make such a commitment to Campeau of California. Mr. Glickman inquired if the parent company would guarantee completion of the building, and Paul Verriere answered negatively, noting that the parent company would be unwilling to pledge its assets to the California corporation. He noted that by June 1, 1978, sufficient evidence of equity and mortgage financing was to be submitted to satisfy the Agency's financial requirements. Mr. Jee observed that the lending bank would ascertain whether the joint venture had adequate capacity to finance the development.

Mr. Hamilton inquired if the new joint venture would be able to provide the Agency with the exact percentage of ownership, and identify the financial resources of the organization by June 1. Mr. Paul Verriere and Mr. Jee indicated their ability to provide this information.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that the resolution be adopted.

MOTION: It was moved by Rubin Glickman, seconded by Mr. Lee, and unanimously carried that the material submitted by the joint venture of Arcon/Pacific-Campeau of California on or before June 1, 1978, clearly reflect the interests of the parties in the joint venture for development of the Apparel Mart, Yerba Buena Center Redevelopment Project.

At this time, 7:15 p.m., Mr. Glickman left the meeting.

- (c) Resolution No. 105-78 approving form of Fourth Amendatory Agreement between the San Francisco Redevelopment Agency and the Embarcadero Center, a partnership, and authorizing execution thereof in connection with the Embarcadero-Lower Market Approved Redevelopment Project Area E-1.

Rule of the Chair: That this item would be held over one week subject to objections of any Commissioner. There being none, it was so ordered.

- (d) Resolution No. 104-78 authorizing termination of agreement for disposition of land for private development and retention of security deposit as liquidated damages, Parcel 1100-D, E/Beideman Place between O'Farrell and

NEW BUSINESS (continued)

Ellis Streets, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that this item terminated the disposition agreement with Victoria P. Meek for an 11,970 square foot parcel on the east side of Beideman Place between O'Farrell and Ellis Streets. He also recommended that the Agency retain as liquidated damages Ms. Meek's security deposit in the amount of \$1,440. He noted that Ms. Meek has not completed the preliminary plans for the development for the 12 unit one and two bedroom flats that had been proposed for this site, and all efforts to aid her in proceeding with the development have been unsuccessful. He noted that Ms. Meek had been properly notified of the default for the parcel and she had made no effort to correct it. He noted that when a developer has made every effort in good faith to proceed with a development, the staff recommends refund of the security deposit, however, in this case, there is no justification for return of the deposit.

In response to President Wexler's inquiry, Mr. McMahon indicated that Ms. Meek was not in attendance at the meeting but that she had been advised this action was being calendared, both by mail and through her attorney. This notification had been sent approximately ten days earlier.

In response to President Wexler's further inquiry, Mr. Suttle indicated that Ms. Meek had not met any of the scheduled submission dates and had been notified in September 1977 of her default. Her attorney had attempted to work with the Agency, but Ms. Meek had not cooperated with him. Mr. Suttle also indicated that Ms. Meek had left the area and apparently was in New York attempting to renovate some brownstone buildings. Therefore, she had not pursued the development.

President Wexler asked if WAPAC had reviewed this matter, and Mr. Suttle answered affirmatively, noting that they would be aware of her non-performance.

ADOPTION: It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (e) Resolution No. 67-78 authorizing amendment to contract for legal services for bond counsel in connection with the financing of residential rehabilitation under the Marks-Foran Act of 1973, and residential construction under Senate Bill 99, Chapter 48, Statutes of 1975, Hunters Point, Western Addition Area A-2, and Yerba Buena Center Approved Redevelopment Project Areas.

This matter concerns the legal firm of Wilson, Jones, Morton and Lynch that had been engaged to provide services for the Agency's rehabilitation loan program and development of the SB 99 financing. This firm has been disbanded, and it is recommended that the Agency compensate for their services to date in the amount of \$12,663 and terminate the contract for services. This additional amount would increase their contract from \$25,000 to \$37,663.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

NEW BUSINESS (continued)

- (f) Resolution No. 106-78 authorizing the Executive Director to enter into a legal services contract in connection with the Agency Residential Rehabilitation Loan Program.

This matter concerns a contract for legal services with Orrick, Herrington, Rowley and Sutcliffe. It is proposed that this firm be engaged to provide services for the Agency's rehabilitation loan program. The proposed contract is in the maximum amount of \$22,500. This sum will compensate the firm for its unqualified opinion on the tax exempt status of the rehabilitation bonds as well as performing ongoing legal services in connection with the program.

President Wexler inquired if the opinion from this firm would allow the bonds now to be sold as tax exempt without the IRS ruling on the matter and Mr. Hamilton answered affirmatively. In response to President Wexler's inquiry, Mr. Thomas indicated that it was unlikely that the IRS would rule contrary to the tax exempt status. President Wexler inquired whether bond counsel and the financial institution used would be liable if the IRS made a contrary ruling and Mr. Thomas indicated that this was his understanding.

ADOPTION: It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that the resolution be adopted.

- (g) Resolution No. 107-78 authorizing the Executive Director to enter into a contract for legal services in connection with an Agency Residential Construction Loan Program.

This matter concerns a contract for legal services with the firm of Jones, Hall, Hill and White. Mr. Hamilton indicated that when the firm of Wilson, Jones, Morton and Lynch disbanded, the attorney most involved with the Agency's program had joined in forming this firm, and it is proposed that the Agency contract with this new firm to continue the services of this bond counsel in implementing the Agency construction loan program.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

- (h) Resolution No. 108-78 - Travel Authorization for Lewis Arnold, Jr.

This resolution authorizes the travel of Lewis Arnold, Director of Development, to Albuquerque, New Mexico, to attend a meeting of the Certified Industrial Developers on May 21 through 23, 1978. This meeting will provide Mr. Arnold with an opportunity to learn new techniques which may be applicable to the Agency's program. Travel, registration, and related expenses are anticipated not to exceed \$400.

ADOPTION: It was moved by Ms. Berk, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

ADJOURNMENT

It was moved by Ms. Berk, seconded by Mr. Lee, and unanimously carried that the meeting be adjourned. The meeting adjourned at 7:30 p.m.

Respectfully submitted

Helen L. Sause

Helen L. Sause
Secretary

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JUL 5 1978

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
23RD DAY OF MAY 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 23rd day of May 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk, arrived at 4:30 p.m.
Dian Blomquist
Rubin Glickman
Melvin D. Lee
Dr. Hannibal A. Williams

and the following were absent:

None

The President declared a quorum present.

Redmond Kernan, Acting Executive Director, and staff members were also present.

Also present were Essie Collins, Arnold Townsend, Mary Rogers and James Bronkema and other interested citizens.

Representing the press were Gerry Adams, San Francisco Examiner; Marshall Kilduff, San Francisco Chronicle; and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that the minutes of an Executive Meeting of April 4, 1978 as distributed by mail to the Commissioners be approved.

It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that the minutes of the Regular Meeting of May 9, 1978 as distributed by mail to the Commissioners be approved.

SPECIAL APPEARANCES

- (a) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 684-E(1), Victorian Square, Western Addition Approved Redevelopment Project Area A-2.

SPECIAL APPEARANCES (continued)

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 684-E(1), Victorian Square, Western Addition Approved Redevelopment Project Area A-2. There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.

- (b) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 684-E(2), Victorian Square, Western Addition Approved Redevelopment Project Area A-2.

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 684-E(2), Victorian Square, Western Addition Approved Redevelopment Project Area A-2. There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.

REPORT OF THE PRESIDENT

President Wexler indicated that he and Redmond Kernan, Acting Executive Director, and Mel Ury, Project Director for Yerba Buena Center had attended the Board of Supervisors meeting the previous day in order to be present while matters relating to the Yerba Buena Center project were considered. These included the project lease and the increase of the hotel tax. He noted that these items had finally been passed for second reading at 11:15 that night. President Wexler expressed satisfaction that these items had been approved and indicated that the Agency and City will now be able to proceed with the Yerba Buena Center convention center. President Wexler also noted that after observing the staffing of other commissions, he continued to have an appreciation for the work done by the Agency staff in providing information to the Commissioners in a timely manner.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Kernan indicated that he appreciated President Wexler's comments and was extremely pleased that these final items for YBC had been approved by the Board of Supervisors.

NEW BUSINESS

- (a) President Wexler indicated that the first item of new business concerned the Embarcadero Center, and as Ms. Berk had not yet joined the Commissioners, this matter would be held until she could also participate in its consideration.
- (b) Authorizing Execution of Agreement for Disposition of Land Improved with an Agency-Rehabilitated Dwelling and other Conveyance Documents in Accordance therewith with Respect to the Sale of Parcel 684-E(1) and an undivided 1/11th interest in Parcel 684-E(9); Approving Disposition Price for said Parcels and Ratifying Publication of Notice of Public Hearing in Connection with Such Parcel, Victorian Square, Western Addition Approved Redevelopment Project Area A-2. (Resolution No. 113-78)

NEW BUSINESS (continued)

This matter authorizes execution of a disposition agreement for sale of two buildings in the Victorian Square development. This first property is located at 1955-59 Sutter Street and has ground floor commercial space with two residential units above. The property is being sold to the designated developer, Mr. Winfred O. Cook who will use the commercial space for his beauty shop. Mr. Cook has obtained a \$60,000 loan from the Agency's Rehabilitation Loan Program, and in conjunction with additional private financing, he will purchase this property and an eleventh share of the adjacent parking lot for a total cost of \$99,900. Mr. Kernan indicated that the second building at 1961-69 Sutter is being disposed of to the designated developers, Mrs. Lavolia Baker and Mrs. Essie Collins. This property has two groundfloor commercial spaces and eight residential units above. These developers will also utilize a loan from the Agency's Rehabilitation Loan Program in the amount of \$224,000 and private financing; they will purchase this property and an eleventh share of the adjacent parking lot for the total purchase price of \$264,400. Mr. Kernan indicated that staff recommended approval of both of these dispositions.

Mr. Glickman inquired if WAPAC had considered this matter and had a recommendation and Mr. Arnold Townsend, Executive Director of WAPAC, came forward and indicated that WAPAC had approved these dispositions.

ADOPTION: It was moved by Ms. Blomquist and seconded by Mr. Lee that this resolution be adopted.

President Wexler inquired when it was anticipated that the owners would occupy the premises. Mr. Gene Suttle, Area Director, came forward and indicated that Mr. Cook would be ready to move into his property within the next 30 days. Mrs. Baker and Mrs. Collins would take title to the property within the next week to ten days and move in soon after that. President Wexler indicated that the building at the corner of Sutter and Fillmore had already been occupied and it appeared that the other buildings were ready for occupancy as well. He inquired if delays had been encountered in processing the prospective purchasers' loans which had prevented them from occupying the buildings. Mr. Don Brandes, Rehabilitation Administrative Specialist, came forward and noted that occupancy had been delayed pending execution of the Certificate of Completion by the Agency. This delay was necessary to get the contractor to complete the construction punch list. President Wexler inquired why the building on the corner occupied by Mr. Mondaine had proceeded more rapidly than the others in the development. Mr. Brandes noted that the Agency had had to temporarily relocate Mr. Mondaine's liquor store while the commercial space was renovated for his use. The rehabilitation of the structure was expedited in order for Mr. Mondaine to return to that location as quickly as possible. Mr. Brandes noted that Mr. Mondaine had been moved into the commercial portion of the building while the residential unit was still being rehabilitated. In addition to the need to reestablish Mr. Mondaine in the former location this early move also enabled staff to terminate rental on the mobile home occupied by Mr. Mondaine as a temporary relocation site. Mr. Kernan indicated that there was also a problem with Mr. Mondaine's liquor license if he continued to operate his business in a temporary location. President Wexler inquired if staff was satisfied with the progress that was being made on the rehabilitation of the other buildings and Mr. Brandes

ew Business (continued)

answered affirmatively, noting that it was anticipated all of the rehabilitation work for Victorian Square would be completed in four to five months.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee and unanimously carried that the resolution authorizing disposition of 1955-59 Sutter Street to Winfred O. Cook be approved.

- (c) Authorizing Execution of Agreement for Disposition of Land Improved with an Agency-Rehabilitated Dwelling and Other Conveyance Documents in Accordance therewith with Respect to the Sale of Parcel 684-E(2) and an Undivided 1/11th Interest in Parcel 684-E(9); Approving Disposition Price for said Parcels and Ratifying Publication of Notice of Public Hearing in Connection with Such Parcel, Victorian Square, Western Addition Approved Redevelopment Project Area A-2. (Resolution No. 114-78)

President Wexler inquired if there were additional questions on the disposition of this property at 1961-69 Sutter. There being none, he inquired if WAPAC had also approved this disposition. Mr. Townsend indicated that WAPAC had also reviewed this matter and approved of the disposition.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee and unanimously carried that the resolution authorizing disposition of 1961-69 Sutter Street to Mrs. Lavolia Baker and Mrs. Essie Collins be approved.

President Wexler inquired if any of the owners were presently at the meeting, and Mr. Brandes answered negatively.

- (d) Approving and Authorizing the Executive Director to execute an Interdepartmental Work Order with the San Francisco Department of Public Works for Traffic Signs in Connection with the Hunters Point Redevelopment Project. (Resolution No. 112-78)

Mr. Kernan indicated that this matter concerns approval of a work order not to exceed \$6,000 with the Department of Public Works for installation of traffic signs in the Hunters Point Project. He noted that this work order procedure that had been developed for installation of such signs and allowed staff to execute individual orders for installation of signs on an as needed basis.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Shelley and unanimously carried this this resolution be adopted.

President Wexler indicated that the Commissioners would now consider 9(a).

EW BUSINESS (continued)

- (a) Approving terms of Fourth Amendatory Agreement between the Agency and Embarcadero Center, A partnership, and authorizing execution thereof, in connection with the Embarcadero-Lower Market Approved Redevelopment Project Area E-1. (Resolution No. 105-78)

NEW BUSINESS (continued)

Mr. Kernan indicated that this matter concerns approval of the fourth amendment to the disposition agreement for the construction of the fourth building in Embarcadero Center. He indicated that the terms of the disposition agreement required construction to start on this building when 75 percent of the rentable office space in the third building in the Embarcadero was leased and occupied or by a date certain of December 31, 1979. The developers have indicated that this 75 percent rent-up has been achieved and they have requested that the agreement be amended to specify the later date for construction to begin, December 31, 1979. Mr. Kernan noted that it was anticipated the developers would be able to begin construction prior to this date. He also noted that a fifth amendment to the disposition agreement would be calendared for the Commissioners' consideration at a future date. This amendatory will concern construction of the theatre foundation required in the agreement as well as related matters. He stressed that the amendatory before the Commissioners concerned only the time extension. Mr. Kernan noted that the master plan for the development permits construction of a 60-story building on this site. The Commissioners had adopted a resolution which urged the developer to re-evaluate the proposed height limit of Embarcadero No. 4 and consider significantly lowering it. The developer has done so and has designed a building which will not exceed 45 stories in height. Staff has reviewed the architectural drawings and finds that they are satisfactory and conform with the Agency's requirements, and that the development is compatible for the area. He reiterated that the matter now being considered by the Commissioners concerned extension of the developer's time for construction start from the date the 75 percent rent-up of Embarcadero No. 3 is achieved to the maximum time allowance in the Disposition Agreement of December 31, 1979. He stated that staff recommended approval of this matter.

President Wexler indicated that Mr. James Bronkema, Executive Director of Embarcadero Center, was present and inquired if he wished to comment. Mr. Bronkema came forward and indicated that he was available to answer any questions that the Commissioners might wish to ask concerning the building.

Dr. Williams inquired about the effect of the 45 story development on adjacent neighborhoods. Mr. Kernan indicated that there may be concern in the neighborhood area, particularly Telegraph Hill, regarding the height of the building.

He noted that by lowering the development height from 60 stories to 45, this effect had been somewhat mitigated and he believed that the 45 story building was a substantial improvement over the maximum development of the site.

Mr. Kernan noted that the disposition agreement with the developer precluded imposition of additional requirements such as for lower construction. The developer has title to the property and an agreement with the Agency which permits him to build a 60-story building. He again noted that the request of the developer for a time extension is the only matter before the Commissioners for consideration.

In response to Mr. Glickman's inquiry, Mr. Kernan confirmed that the only matter before the Commissioners was the amendment regarding the construction start of the fourth building. Mr. Glickman inquired if the amendatory agreement before the Commissioners referred to the height of the building, and Mr. Kernan answered negatively noting that he had only mentioned this aspect for the

NEW BUSINESS (continued)

Commissioners' information. Mr. Glickman inquired why Mr. Bronkema had requested the date of December 31, 1979, as the date for start of construction, and Mr. Bronkema indicated this related to provisions in the original disposition agreement and its subsequent amendments. He noted that the first and second amendments to the disposition agreement specified commencement of construction on Embarcadero No. 4 in 1974. However, the development of Embarcadero No. 3 had not been started until early 1974 and the developer had realized the 1974 construction date would be impossible to meet for Embarcadero No. 4. Mr. Bronkema indicated that the developer had negotiated with the Agency and had agreed to acquire title and pay for both the sites of Embarcadero No. 3 and No. 4. The disposition agreement was then amended to specify construction commencement of the fourth building by the time the third building was 75 percent occupied. Based on the market absorption rate for office space, both the Agency and the developer believed this was a reasonable solution. However, the rent-up of the third building proceeded much more rapidly than anticipated and this has necessitated the request for a time extension. Mr. Bronkema noted that in 1976, when Embarcadero No. 3 was nearing completion, the developer had succeeded in renting only 9 percent of the space. At this time, the drawings for Embarcadero No. 4 should have been underway. By the end of 1976, the rate of space rental had increased, but not significantly enough to commence work on the drawings for the fourth building. The owners were unwilling to spend the million dollars necessary to do the preliminary work until occupancy of the third building had been more satisfactorily achieved. By the end of 1976, the market changed and rental of the building was achieved much more rapidly than anticipated and that the 75 percent occupancy would probably be achieved by the end of 1977. Mr. Bronkema indicated that 74.8 percent occupancy had actually been achieved in October of 1977. He noted that at that time the developer had requested the elimination of the 75 percent occupancy requirement because it had become obvious that they would be unable to complete the preliminary work necessary to be in construction by the time the 75 percent occupancy was achieved. Mr. Bronkema also noted that the developer had now completed preliminary working drawings for the building which were presently under review by the Agency's architectural staff, and it was anticipated that the developer would be able to go out to bid within a short time. Construction was anticipated to start in late summer or early fall.

Mr. Bronkema indicated that there may be some controversy over the height of the building. Therefore, the developer was requesting the full extension of December 31, 1979. In response to President Wexler's inquiry, Mr. Bronkema indicated that the developer anticipated construction to start in late summer or early fall of 1978. Ms. Blomquist indicated that she believed the building was too high to be so close to the waterfront and inquired if the developer could use a larger portion of the parcel and achieve essentially the same rental space with a lower height. Mr. Bronkema indicated that the disposition agreement prohibited the developer from building any development over three stories in height on the south half of the parcel. The agreement also required that sight line through the project be maintained along Commercial Street. This sight line begins on Nob Hill and has the Ferry Building as the focal point of the view. Therefore, the developer is precluded from construction of any significant height on any more than the northerly 40 percent of the

NEW BUSINESS (continued)

property. In response to Ms. Blomquist's inquiry, Mr. Bronkema indicated that the disposition agreement with the Agency specified these development requirements. President Wexler inquired if the Planning Commission would also be required to approve any change in height for the property, and Mr. Bronkema answered affirmatively, nothing that the entire Embarcadero Center Master Plan had been approved by the Planning Commission and any deviation from it would necessarily require their action.

Ms. Shelley inquired about the reference to construction of a theatre space within the building as opposed to the proposal to build an amphitheatre outside the building or substitute a cash contribution for provision of any theatre space. Mr. Bronkema indicated that this matter was not before the Commissioners for consideration. President Wexler indicated that the request concerning the theatre would be considered at a subsequent meeting as part of the fifth amendatory agreement.

In response to Mr. Lee's inquiry, Mr. Bronkema indicated that there are 2,000 parking spaces for the entire Embarcadero complex. Mr. Lee inquired about the number of spaces for Embarcadero No. 4. Mr. Bronkema indicated that one level of parking will be provided under the fourth building and noted that the Redevelopment Agency requires provision of one parking space per 1,000 feet of building space. He also noted that it is a requirement of the City Zoning Ordinance to build no more than 7 percent of the gross building area as parking. Mr. Bronkema noted that the one level of parking would provide approximately 200 spaces for automobiles. He also indicated that the loading docks for Embarcadero No. 4 will be located under the building in the first two levels.

President Wexler indicated that the developer was presently authorized to build a building 60 stories in height and asked if there was any action that the Commission could take to limit the development to the 45 stories. He noted that although the developer had plans being prepared for a 45-story building nothing committed the developer to limiting the structure to this height. Mr. Kernan indicated that the preliminary plans under review by staff and the site permit application relate to construction of a 45-story building which represented a certain commitment by the developer to a building of this height. Mr. Bronkema indicated that the possible actions the Commission could take constituted a legal question which he did not feel qualified to answer. He stressed that it was the developer's intent to construct only a 45-story building. President Wexler indicated that there appeared to be nothing which would preclude the developer from submitting plans for the 60-story building and indicated this belief that while the developer did not intend to do so, he remained concerned that this was not legally prohibited. Mr. Bronkema indicated that the developer had shown his intention of adhering to the 45 stories by expending approximately half a million dollars as part of the \$2.5 million architectural fees for the building and to change the plans at this time would be costly and without compensating benefit.

Mr. Glickman inquired if the site permit for the building had yet been issued, and Mr. Kernan answered negatively, noting that an application had been filed. Mr. Glickman observed that it did not appear that there was any irrefutable

NEW BUSINESS (continued)

commitment to the 45-story building. He inquired if the legal staff could propose an amendment which would commit the developer to limiting the building to 45 stories or less. Mr. Richard Thomas, Acting Agency General Counsel, indicated that he believed such a restriction could be incorporated in a resolution adopted by the Commissioners. President Wexler expressed concern this this action might constitute a violation of the Agency's agreement with the developer and that he believed there needed to be some mutual agreement between the Agency and the developer on the matter. He requested Mr. Bronkema to consider working out such an agreement with the Agency staff. He requested that the developer's intention to adhere to a building of 45 stories in height or less be set forth in a manner which was clear and unambiguous and which would preclude further consideration of construction of a building in excess of 45 stories. Mr. Bronkema indicated his willingness to cooperate with the staff and suggested that such an agreement might be considered in conjunction with the fifth amendatory to the disposition agreement. President Wexler indicated that he did not believe the commitment on the building's height could be incorporated as part of a legal document, but he believed that it was important to have the developer's public commitment to reduce the building from 60 to 45 stories. Mr. Bronkema concurred and expressed his willingness to cooperate. President Wexler recalled that on March 9, 1977, the Agency adopted a resolution which requested the Embarcadero Center developer to respond to the environmental needs of the area by significantly lowering the 60 story building. He noted that the term "significantly lower" left the maximum height open to interpretation, and he now believed it important to define the maximum height. He also stressed his appreciation for the developers' cooperation in this matter.

ADOPTION: It was moved by Mr. Glickman and seconded by Dr. Williams that this resolution be adopted.

President Wexler indicated his belief that it was important to encourage developers who had met all of the Agency's requirements even ones which had been established by preceding Commissioners which the current Commissioners might modify if they were acting on them today. He stressed his belief that developers of major projects would continue to provide developments of outstanding quality only if they know that the Commissioners will work with them in good faith on their developments.

President Wexler inquired if the developers would consider an extension of time for a period shorter than December 31, 1979, since it appeared that it was intended to start construction in the fall of 1978. Mr. Bronkema indicated that the full time extension was preferred to preclude the possibility of requesting an additional extension in the event unforeseen circumstances inhibited the developer's ability to proceed.

ADOPTION: It was moved by Mr. Glickman and seconded by Dr. Williams that the resolution be adopted, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Mr. Glickman
Mr. Lee
Dr. Williams
Mr. Wexler

NEW BUSINESS (continued)

and the following voted "Nay":

Ms. Blomquist

and the following abstained:

None

The President thereupon declared that the motion carried.

Ms. Blomquist indicated that she had voted negatively on the building because of its height in that location.

ADJOURNMENT

It was moved by Dr. Williams, seconded by Ms. Blomquist and unanimously carried that the meeting be adjourned. The meeting adjourned at 4:55 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Helen L. Sause".

Helen L. Sause (Edited from Transcript)
Secretary

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MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
30TH DAY OF MAY, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 30th day of May, 1978, the place, hour, and date duly established for the holding of such meeting.

The Acting President called the meeting to order and on roll call the following answered present:

Joan-Marie Shelley, Acting President
Rubin Glickman
Melvin D. Lee
Dr. Hannibal A. Williams

Charlotte Berk arrived at 4:30 p.m.

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and the following were absent:

Howard M. Wexler, President
Dian Blomquist

The Acting President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Arnold Townsend and Richard Haper, Western Addition Project Area Committee (WAPAC); H. Erklauer, Taylor & Halloran; Richard Salladin, Orrick, Herrington, Rowley & Sutcliffe; Lawrence Jacobs, developer; Donald Morris, Elmco Sales, Inc.; Edward Stephens, Mechanical Sales, Inc.; Dewey Yee, Board of Supervisors' Band Budget; Nancylee Finley, developer; Espanola Jackson and Shirley Jones, CAHEED; Peter Rooke-Ley, architect; Jack Marvin, W. B. McDowell, Charles Walker, and Patrick Murray, interested citizens.

Representing the press were Jerry Adams, San Francisco Examiner; Marshall Kilduff, San Francisco Chronicle; and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

It was moved by Mr. Lee, seconded by Mr. Glickman, and unanimously carried that the minutes of the Regular Meeting of May 12, 1978, as distributed by mail to the Commissioners, be adopted.

It was moved by Mr. Lee, seconded by Dr. Williams, and unanimously carried that the minutes of the Regular Meeting of February 9, 1978, as distributed to the Commissioners, be adopted.

It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that the minutes of the Special Meeting of March 15, as distributed by mail to the Commissioners, be adopted.

SPECIAL APPEARANCES

- (a) Public Hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel G, SE corner of Evans Avenue and Keith Street, India Basin Industrial Park Approved Redevelopment Project Area.

Mr. Charles Walker came forward and indicated that several months earlier the Agency had presented a development proposal to the Joint Housing Committee (JHC) for construction of a chemical company in India Basin. The JHC had voted to oppose the chemical company's purchase of the land because of its potential for danger to the adjacent area. This matter had then been brought back before the JHC on the evening that the black community was considering a boycott to protest certain actions by the School Board. At that JHC meeting which he believed had been attended by very few people, the JHC had approved the development proposal. Mr. Walker expressed concern that few community representatives had been present at that meeting. He also expressed concern that Mr. James Wilson, Area Director, India Basin/Hunters Point, had scheduled this matter for hearing by the JHC on a night when many people could not participate.

Acting President Shelley indicated that there would be an opportunity to discuss the matter in more detail during consideration of action on the item. There being no other persons wishing to appear in connection with the matter, the Acting President declared the public hearing closed.

- (b) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 1100-D, E/Beideman Place between O'Farrell and Ellis Streets, Western Addition Approved Redevelopment Project Area A-2.

Mr. Lawrence Jacobs came forward and indicated that he was interested in purchasing property which was the subject of the hearing. He indicated that he had previously appeared before the Commissioners and requested consideration as a purchaser. He noted that thirteen years earlier he had been given a Certificate of Preference and he now wished to exercise his certificate rights.

In response to Acting President Shelley's inquiry, he indicated that he owned the adjacent six unit Victorian structure and he needed additional space for parking. Mr. Jacobs expressed concern about the availability of parking in the area and noted that the nearby medical facility was a factor in making parking difficult for his tenants. He noted that Mr. Robert Reece, Assistant Area Director, Western Addition Area A-2, had been requested to keep him advised on the status of the parcel but had not told him of the proposed change in developer designation from Ms. Victoria Meek to Ms. Nancy Lee Finley. He also indicated that he had received a letter from the Agency alleging that his bay window extended over Agency property and requesting that this violation be remedied. He noted that he was willing to use his Certificate of Preference in order to purchase the parcel and provide parking for his units. He indicated that if the parking was an unacceptable use, he would consider constructing three townhouses on the site. Mr. Jacobs expressed concern that there was insufficient play area for the children living in his building, and if he was allowed to develop the parcel, he would be able

SPECIAL APPEARANCES (continued)

to provide additional play space. Mr. Jacobs then indicated on drawings the location of his structure adjacent to the parcel being considered for disposition and urged that he be permitted to acquire twenty to thirty additional feet to accommodate his additional parking needs. He believed that his Certificate of Preference entitled him to purchase this property and he had the funds to do so. He noted that his renters occupied one-bedroom units for \$182 and two-bedroom units for \$210. He believed that it would be easier for him to rent his units if he had adequate parking. He requested that the Commissioners consider dividing the parcel and allow him to purchase a portion of it and sell the remainder for development.

Acting President Shelley thanked Mr. Jacobs for his comments and indicated that the Commissioners would consider his remarks.

In response to Mr. Lee's inquiry, Mr. Jacobs indicated that he had not used his Certificate of Preference in purchasing the building that he owned adjacent to the parcel. He had purchased it with financing under the G.I. Bill and indicated that he could not afford to live in the units. He requested that he be allowed to exercise his Certificate rights. Mr. Lee inquired when Mr. Jacobs had purchased the property. Mr. Jacobs responded that the building had been rehabilitated some time ago and he had owned it for three years.

Mr. Glickman inquired if he was willing to use his Certificate of Preference to acquire land for parking only. Mr. Hamilton noted that the proposal should be evaluated to ascertain the effect on the properties but that a major consideration would be the change in use of land designated for construction of housing units to use for parking.

Mr. Jacobs indicated his willingness to build two units on the parcel. Mr. Arnold Townsend, of WAPAC, came forward and noted that Mr. Jacobs' proposal had been presented at a WAPAC Planning and Development Committee meeting a week ago Thursday and that the WAPAC Board had not yet had an opportunity to consider the matter. He noted that WAPAC had supported Nancy Lee Finley's proposal to develop the property in accordance with the Victoria Meek's proposal. However, Ms. Finley now intended to sell the units as condominiums and WAPAC was concerned that the units would be beyond the purchasing capacity of community residents. He believed the three- and four-bedroom units would sell for \$100,000, and he suggested that WAPAC and Ms. Finley discuss this proposal further. There being no other persons wishing to appear in connection with the matter, the Acting President declared the public hearing closed.

REPORT OF THE EXECUTIVE DIRECTOR

- (a) The meetings of the NAHRO Pacific Southwest Region (PSWRC) in Nevada had included a number of subjects applicable to the Agency's program. Mr. Hamilton noted that there had been approximately 200 commissioners in attendance. He also noted that a number of HUD staff members from Washington and the Regional Office had been in attendance. He had

REPORT OF THE EXECUTIVE DIRECTOR (continued)

received the honor from the PSWRC membership of serving as the Regional President for this year.

- (b) The Board of Supervisors has calendared consideration of the final actions on the Yerba Buena Exhibit Hall. It is unknown whether they have approved these items, but a favorable vote was anticipated.
- (c) One of the Agency's landscape contractors, Alfred Jackson, has just won an award for his work on the mini-park on Fillmore Street between Turk Street and Golden Gate Avenue. Mr. Jackson won the first place award in the public works category in the 1978 competition of the San Francisco Bay Area/North Chapter of the California Landscaping Contractors' Association. He is the owner of Jackson Landscaping and Development Company and is the first black ever to win the Chapter's landscape achievement award. Mr. Gene Suttle came forward with the plaque presented to Mr. Jackson for the Commissioners to view. Acting President Shelley extended the Commissioners' congratulations to Mr. Jackson.

NEW BUSINESS

RULE OF THE CHAIR: In response to a request from staff, and subject to objections from the Commissioners, Item 9(g) would be considered out of sequence at this time. There being no objections, it was so ordered.

- (g) Resolution No. 119-78 authorizing the issuance of \$97,000,000 principal amount of Redevelopment Agency of the City and County of San Francisco Yerba Buena Center Lease Revenue Bonds, Series 1979.

This matter concerns issuance of lease revenue bonds for the purpose of financing the construction of the Yerba Buena Convention Center. The bond resolution is the basic document for the financing of the convention center, and Mr. Hamilton recommended approval.

MOTION: It was moved by Mr. Glickman and seconded by Dr. Williams that the resolution be adopted.

Ms. Berk inquired if the items listed on page R-5 of the Bond Resolution would be paid from bond proceeds or if these items would be additional costs. Mr. Richard Sklar, Project Director, Office of the Chief Administrative Officer, indicated that the \$34,000,000 accumulated from collection of the hotel tax would be the funding source for these items.

Acting President Shelley inquired whether action on the Bond Resolution was appropriate at this meeting. Mr. Hamilton indicated that it had been forwarded to the Commissioners as soon as the resolution had been available, but it had been calendared for consideration because there had only been a short time available for the Commissioners' evaluation. However, if the Commissioners wished to act on the matter, he knew of nothing to preclude them from doing so unless Bond Counsel objected.

NEW BUSINESS (continued)

Mr. Richard Salladin, Attorney,² Orrick, Herrington, Rowley & Sutcliffe, requested that the Commissioners withhold their action until the following week in order to permit finalization of changes that were to be made in the document. He noted that the changes being proposed were generally not substantive in nature but would be in final form for the Commissioners' consideration prior to the next meeting.

In response to Dr. Williams' inquiry, Mr. Hamilton indicated that the matter had been calendared so that the Commissioners could act on the matter if they wished to do so. It now appeared that Counsel was advising a delay. He did not believe there was a problem in holding the matter until the following week.

RULE OF THE CHAIR: Acting President Shelley ruled that this item would be held over to the following week subject to objections from the Commissioners. There being no objections, it was so ordered.

- (b) Resolution No. 118-78 approving sale of Parcel G, SE corner of Evans Avenue and Keith Street, to Elmco Sales, Inc., a California Corporation, and the minimum disposition price; ratifying and confirming publication of Notice of Public Hearing; authorizing execution of Agreement for Disposition and other conveyance instruments in connection therewith, India Basin Industrial Park Approved Redevelopment Project Area.

This matter concerns a recommendation for disposition of a 59,024 square foot parcel to Elmco Sales, Inc. This firm will construct a building to house their sales office and provide space for assemblage of plumbing products. Elmco Sales has a work force of twenty employees and has plans to hire five additional workers. They will work with the community to find qualified people to fill these positions. Mr. Hamilton noted that the price of the land is \$37,600 and that evidence of financing has to be provided by October 15, 1978. It is anticipated that construction will start shortly after that submission and will be completed within six months. He recommended approval of the matter.

In response to Acting President Shelley's inquiry, Mr. Hamilton indicated that Mr. Charles Walker's remarks concern a separate development proposal which had no relationship to this proposed disposition. He noted that he was aware of the community's concern about construction of a facility which manufactures chemicals in the area, and staff was evaluating those concerns. The proposals for these two developments apparently had been presented to the JHC simultaneously, but they were in no way related. Mr. Hamilton noted that Mr. Walker had been advised that the proposal involving a chemical firm had been held over in order for the Agency and JHC to consider the community's concerns. However, the JHC has acted favorably on the Elmco proposal. He indicated that he believed the issue of concern to Mr. Walker was the role of the Hunters Point Coordinating Council in acting on community matters as opposed to the authority of the JHC. He noted that the JHC has been selected by the Agency as the community representative and is contractually bound to consider its recommendations.

NEW BUSINESS (continued)

Mr. Walker indicated that the JHC had to consider concerns raised by individuals in the community. He believed that the JHC had not acted fairly in considering this matter of general interest on an evening when community people were involved in another meeting in a matter of major concern. Mr. Hamilton indicated that the JHC had acted in accordance with its established procedures and recommended that the Commissioners consider JHC's action approving the disposition. Mr. Walker again expressed his belief that no one had been in attendance at the JHC meeting and that he was not attempting to circumvent the authority of the JHC but only to participate in its proceedings. He requested that action on the matter be held over.

Dr. Williams inquired if a representative of the JHC was present and there was a negative response from the audience. Mr. Donald Morris, of Elmco Sales, Inc., came forward and indicated that he had met with the JHC twice and had outlined the company's development plans which he believed they had approved. He requested that the Commissioners act on the matter today or allow him to make any required presentation and not attend a subsequent meeting. Dr. Williams indicated that the matter was only proposed for a one-week delay, and he did not believe it would require Mr. Morris' presence. Mr. Morris indicated that the development was presently in working drawings and urged that the Commissioners act on it within a week.

In response to Dr. Williams' inquiry, Mr. Hamilton indicated that staff believed the matter could be put over one week, but as a practical matter should not be delayed any longer. However, the JHC meeting held on May 22, 1978, was the last meeting until the end of June and he did not know if they could convene a special meeting to consider Mr. Walker's concerns. He expressed his concern that the authority of the JHC was being questioned and recommended that the Commissioners consider the matter as approved by the JHC. Dr. Williams expressed concern that there was no representative from the JHC to comment on the issue raised by Mr. Walker. He noted that he has participated in the Ministers Alliance meeting considering the school boycott and that many community leaders had been present at the meeting.

In response to Acting President Shelley's inquiry, Dr. Williams indicated that he requested the matter be held over. Mr. Glickman indicated that he believed that since the recognized community organization had considered and acted affirmatively on the matter, he did not see any reason to continue the matter for consideration. He believed, however, that a representative of the JHC should be present when matters of concern to that community were considered.

Mr. Walker again expressed concern about the matter, noting that three weeks earlier the JHC had tabled the matter on a nine to two vote. He did not understand why it had been rescheduled for a night when community people were occupied in other meetings and alleged that Mr. Wilson had been able to get only a bare quorum present to vote affirmatively on the matter. Acting President Shelley inquired if postponing action for one week would permit resolution of the matter.

NEW BUSINESS (continued)

Mr. Walker responded that he believed it would require a week to ten days to resolve the issues.

Ms. Shirley Jones, of the Coordinating Council, came forward and inquired if the proposed disposition concerned in any way a proposal to build a chemical plant in Hunters Point and Mr. Hamilton answered negatively. She noted that the concerns of the community pertained only to that proposal.

Mr. Richard Marshall, Business Development Specialist, came forward and noted that he had conducted three meetings on the matter for the JHC and that they had initially tabled the proposal by a nine to two vote as a result of a need to amplify the affirmative action program of the firm with regard to hiring five additional employees. A special meeting had been called and the firm's affirmative action program had been presented and the development was approved.

In response to Acting President Shelley's inquiry, Dr. Williams indicated that he requested the Commissioners to put the matter over one week until the JHC could be present to speak directly on the proposal.

MOTION: It was proposed by Mr. Glickman, seconded by Mr. Lee, that the resolution be adopted.

Ms. Berk indicated her understanding that the chemical company development proposal was not being considered by the Commissioners and that the Elmco proposal had only been tabled pending submission of additional information on their affirmative action plan. Mr. Wilson confirmed this understanding and stressed that Elmco Sales is involved only in the sales and assemblage of plumbing products and will provide new jobs for the community. The JHC had originally requested additional information on how these new positions would be filled, and this material had now been provided to its satisfaction. He stressed that this matter had been the only point of contention.

Ms. Espanola Jackson, of the Coordinating Council, came forward and indicated that members of the JHC were elected by the community. She believed that the community was entitled to be fully informed of its actions and requested that notices be sent to all interested parties in the JHC's agendas.

Acting President Shelley inquired how notice of the JHC meetings are distributed, and Mr. Wilson indicated that the JHC staff was responsible for providing such notices. Msses. Jones and Jackson indicated that they had not received meeting notices. Dr. Williams indicated that this would be a matter for Msses. Jones and Jackson to discuss with the JHC.

Ms. Berk inquired if Dr. Williams was requesting a week for the matter to be resolved and Dr. Williams indicated that he wished the additional time in order to have a representative of the JHC present to comment on the issue.

NEW BUSINESS (continued)

MOTION: It was moved by Dr. Williams that disposition of Parcel G in the India Basin Industrial Park be held over one week. The motion died for lack of a second.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, that the resolution be adopted, and on roll call the following voted "Aye":

Ms. Shelley
Ms. Berk
Mr. Glickman
Mr. Lee

and the following voted "Nay":

Dr. Williams

and the following abstained:

None

The Acting President thereupon declared that the motion carried.

- (b) Resolution No. 118-78 authorizing the Executive Director to enter into a Disposition Agreement with Nancylee Finley and execute necessary conveyance instruments; and ratifying and confirming publication of a Notice of Public Hearing; all in connection with the sale of Parcel 1100-D, E/Beideman Place between O'Farrell and Ellis Streets, Western Addition Approved Redevelopment Project Area A-2.

This matter concerns authorization to dispose of an 11,970 square foot parcel to Nancylee Finley for construction of 12 condominium flats. Mr. Hamilton noted that during the public hearing concerning the disposition of this parcel, the adjacent resident, Lawrence Jacobs, had requested that he be allowed to purchase a portion of the parcel for his development. Mr. Hamilton indicated that there had been no condominium construction in the project area and he believed that disposition of the property to Ms. Finley would represent optimum use of the parcel. He stressed the need to provide an economic balance of housing for the residents of the Western Addition. These condominiums would also represent an ownership opportunity for residents of the area, and he believed that there was a market demand for such housing. Mr. Hamilton noted that Ms. Finley had formulated this development proposal as a result of reliance on staff's statements. Mr. Hamilton recommended approval of the development, both because it was suitable for the area and because commitments had been made to Ms. Finley.

Mr. Arnold Townsend came forward and expressed concern that there was little housing in this particular portion of the project for low income persons. He noted that there was some public housing on Eddy Street, but that in this area, which was near Kaiser, there were no low income housing units. He believed that the residents of this area wished to keep low income persons out of the neighborhood but expressed concern

NEW BUSINESS (continued)

that this did not serve the objectives of the A-2 community.

Dr. Williams recalled that the Commissioners had been sufficiently impressed by the proposal originally submitted by Ms. Victoria Meek on this parcel to select her over the developer recommended by WAPAC. He did not believe that the Commissioners had any obligation to Ms. Finley and expressed his opinion that the proposed designation on the basis of reliance on staff assurances was contrary to the Commission's policy. Dr. Williams believed that the Commissioners did have an obligation to consider the needs of the adjacent property owner, Mr. Jacobs. He recalled circumstances which he believed were similar where the Agency had sold property to an adjacent owner for parking. He believed that the Commissioners could sell a portion of the parcel to Mr. Jacobs and offer the remainder for development.

Ms. Shelley indicated that it appeared the Commissioners had three choices in the matter. They could either approve the designation of Ms. Finley; negotiate with Ms. Finley and Mr. Jacobs to see if both of their developmental needs could be accommodated; or offer the parcel for public bid and evaluate the development proposals received.

Mr. Lee expressed concern about denying the right of a Certificate holder to land that appeared to be available to meet his needs. Mr. Glickman noted that he did not favor allocation of land for parking purposes; however, he did not wish to deprive a community person of an opportunity to purchase land he needed. He expressed the belief that the Commissioners should consider granting Mr. Jacobs an opportunity to purchase the land that he needed, and if that did not appear appropriate, the property should be considered for a public offering.

Mr. Patrick Murray came forward and identified himself as a resident in Mr. Jacobs' building. He noted that the discussion about acquiring the property for parking was essential for the tenants in Mr. Jacobs' units. He noted that there was no play space for children residing in the building nor for parking cars on the busy street.

Mr. Peter Rooke-Ley, architect, indicated that he had prepared the preliminary drawings for Ms. Meek on the property and had worked on the project for a year. He indicated that the area had a number of Victorian structures of architectural significance and that he had attempted to design the development to be compatible with these structures. He did not realize that there was a problem with the Jacobs property and indicated that he would like to work with Mr. Jacobs to see if the problem could be resolved. However, he did not believe that selling one-third of the parcel to Mr. Jacobs would leave a significant amount of land for development. He suggested that certain modifications could be made in the plans to move the units so Mr. Jacobs' bay window would not be blocked and that a proper rear yard could be maintained.

In response to Dr. Williams' inquiry, Mr. Rooke-Ley indicated that he believed that 12 units could still be put on the parcel without blocking Mr. Jacobs' bay window, and he had photographs which would illustrate the location of this window if the Commissioners wished to review them.

NEW BUSINESS (continued)

Mr. Jacobs indicated that the suggestions made by Mr. Rooke-Ley were not sufficient to alleviate his concerns about space adjacent to the bay window at the side of his property. He also expressed concern that the proposed development would cast shadows on his building. Mr. Jacobs indicated that he charged rents in the range of \$180 per month, and even at that price, he had difficulty in finding tenants because there was insufficient parking and play space. He stated that he was prepared to purchase the property and had been working at two jobs to raise sufficient funds.

In response to Acting President Shelley's inquiry, Mr. Hamilton indicated that staff did not believe the best use of the property was for parking; however, an evaluation would be made of Mr. Jacobs' concerns and his proposal to develop the property.

Mr. Suttle responded to Mr. Hamilton's inquiry about any prohibitions against using this parcel for parking, indicating that the land was designated for residential development in the Redevelopment Plan. Mr. Suttle noted that a Certificate of Preference could be used for acquisition of property for parking, but this was not the recommended use for the parcel. He recalled that Mr. Jacobs had appeared at the Agency meeting when Ms. Meek was designated and had, at that time, proposed allocation of the land to the neighborhood for a community garden. Mr. Suttle noted that the proposed development had the approval of the Beidemen Area Neighborhood Group (BANG) and was in keeping with the rehabilitated Victorian structures in the area. He believed that there was generally community approval for construction of these units. The project had previously been approved by WAPAC, and Mr. Suttle expressed concerns about the suitability of severing the parcel.

Dr. Williams inquired if the parcel could be disposed of to Mr. Jacobs, and Mr. Suttle answered affirmatively. He noted that it had not been marketed because it had been believed Ms. Finley would take the land as an assignment from Ms. Meek and with her plans which had already been approved by the community to construct the 12 units. Dr. Williams indicated his belief that the Agency had an obligation to let a community person develop the land. Mr. Suttle indicated that at the time of Ms. Meek's designation, Mr. Jacobs had requested an opportunity to acquire the land for a community park. Mr. Robert Reece, Assistant Area Director, had continued to discuss the matter with Mr. Jacobs, but Mr. Jacobs had not developed any concrete proposals.

Mr. Hamilton indicated his belief that the two issues involved concern the assignment of the parcel to Ms. Finley and, alternatively, if the Commissioners chose not to make such a designation, the optimum utilization of the parcel.

Mr. Phil Westergaard, Business Development Specialist, indicated that the real estate staff was obligated to market Agency land as expeditiously as possible. He noted that Ms. Finley was ready to proceed with the development within a very short time, and expressed concern that seeking a new developer or changing the development proposal for this property

NEW BUSINESS (continued)

would cause at least a year's delay before the property could be developed. He urged that the Commissioners consider proceeding with Ms. Finley and the plans that had community approval.

Mr. Glickman indicated that this proposal appeared to be counter to the Commissioners' policy of selling Agency land through a public bidding process rather than having staff negotiate sales or assign interests in the development. He noted that it appeared WAPAC was no longer in agreement with the proposal and he suggested the Commissioners consider reoffering the property. Mr. Townsend confirmed WAPAC's opposition to the proposal, noting that the project had been approved as a rental but was no longer acceptable as a condominium.

MOTION: It was moved by Mr. Glickman that the resolution be rejected.

Dr. Williams expressed the belief that staff should evaluate Mr. Jacobs' need for additional land before offering the parcel publicly.

Mr. Jacobs noted that he had been contacting the Agency for some time in connection with purchase of property and that he would like to have consideration in the development of this parcel. Acting President Shelley inquired if Mr. Jacobs would respond to a public offering with a proposal. Mr. Jacobs indicated apprehension about this proposal, but he was interested in receiving such a development opportunity. He also expressed concern that he would not be notified of such an offering. Dr. Williams requested that staff advise him of any matters pertaining to this parcel. Mr. Jacobs indicated on a map the possible division of the parcel to allow him additional parking.

MOTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that Resolution No. 118-78 authorizing the Executive Director to enter into a Disposition Agreement with Nancylee Finley and execute necessary conveyance instruments; and ratifying and confirming publication of a public hearing; all in connection with the sale of Parcel 1100-D, E/Beidemen Place between O'Farrell and Ellis Streets, Western Addition Approved Redevelopment Project Area A-2 be rejected.

At this time, 6:05 p.m., Mr. Glickman left the meeting.

- (c) Resolution No. 116-78 ratifying and approving action of the Executive Director in soliciting bids in connection with rehabilitation of Agency-owned structure on Lot 12, Block 744, 951 Eddy Street, awarding contract to Pearson and Johnson on the basis of low bid received; and authorizing execution thereof, Western Addition Approved Redevelopment Project Area A-2.

This matter concerns award of a contract on the basis of low bid received for the in-house rehabilitation of the 24 unit building at 951 Eddy Street. This building will be rehabilitated and sold to the Housing Authority at a price concurred in by HUD. The only bid received was from Pearson and Johnson, Contractors, in the amount of \$880,591 and it has been analyzed by staff. It is believed that this bid is fair and

NEW BUSINESS (continued)

equitable for the work to be done. Mr. Lee inquired if CM rules were proposed for the budget. He noted that this would permit the architectural team to design 15 to 16 percent over the budget and he was concerned that the building might be over-designed. Mr. Hamilton indicated that he was familiar with the CM process, however, the Agency, in soliciting public bids for the work, did not receive any diminution of price by applying this process.

ADOPTION: It was moved by Mr. Lee, seconded by Dr. Williams, and unanimously carried that the resolution be adopted.

- (d) Resolution No. 115-78 authorizing amendment to Agreement for Legal Services with respect to Western Addition Approved Redevelopment Project Area A-2.

This proposes an amendment of \$83,000 to the legal services contract with Dinkelspiel, Pelavin, Steefel & Levitt for a total contract amount of \$133,000. This increase in fees is necessary to pay for legal services in connection with the San Francisco Superior Court case of Gage vs. SFRA. These costs include such related expenses as expert witness fees and court transcripts, but do not include any appeal costs.

ADOPTION: It was moved by Ms. Berk, seconded by Mr. Lee, and unanimously carried that the resolution be adopted.

- (e) Resolution No. 103-78 authorizing payment of \$2,104 to Csaplar & Bok for bond counsel legal services provided in connection with the Agency's Residential Rehabilitation Loan Program in the Western Addition Approved Redevelopment Project Area A-2.

This item authorizes payment of \$2,104 to the legal firm of Csaplar & Bok for review of the Agency's Residential Rehabilitation Loan Program. This firm evaluated the program documents in order to clarify the need for an IRS ruling on the tax exempt status of the issuance of the loan program. This firm has particular expertise in the field, and based on their recommendation, the Agency's legal consultant, Orrick, Herrington, Rowley & Sutcliffe, will issue a favorable opinion on the bonds.

ADOPTION: It was moved by Mr. Lee, seconded by Dr. Williams, and unanimously carried that the resolution be adopted.

- (f) Consideration of expenditure of \$4,000 for MacIver and Associates, Inc., Consultants, for feasibility study in connection with the Fillmore Center, Western Addition Approved Redevelopment Project Area A-2.

This matter would authorize use of a consultant to determine the existing trade area and appropriate store size for an anchor tenant in the Fillmore Center. Mr. Hamilton indicated that during his recent trip to Denver, Colorado, with Tom Conrad, Chief of Planning, and Wade Woods for the UDAG application, the HUD review team recommended that a commitment be obtained from the COOP Market in connection with the firm's participation in the Fillmore Center. This has been discussed with

NEW BUSINESS (continued)

Mr. Leonard Levitt, General Manager of the COOP Market, and he has indicated that a consultant firm, MacIver and Associates, Inc., would be acceptable to the COOP. Mr. MacIver has indicated that he could perform the services within the time schedule which requires completion of supplemental information for the UDAG application by June 12, for a fee not to exceed \$4,000.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that the resolution be adopted.

- (h) Resolution No. 97-78 approving interdepartmental work order for building inspection services to undertake building conditions survey in the Northeastern Waterfront Survey Area.

This matter concerns authorization of an \$8,000 work order to the Department of Public Works to perform interior and exterior inspections of 68 buildings in the Northeastern Waterfront Survey Area. Mr. Hamilton indicated that this service was necessary to prepare plans for the area. The work would be completed in a 30 day period.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Berk, and unanimously carried that the resolution be adopted.

- (i) Resolution No. 120-78 authorizing the Executive Director to enter into a Rental Agreement with Golden Gateway North for the utilization of cleared Agency-owned land, Broadway and the Embarcadero, Embarcadero-Lower Market Approved Redevelopment Project Area E-1.

Acting President Shelley indicated that in response to a request from staff, this matter would be withdrawn.

- (j) Consideration of 1979 Community Development Program Budget.

Mr. Hamilton noted that the preliminary 1979 Community Development Program Budget was ready for transmission to the Mayor's Office of Community Development. This budget provides funding for the Agency's projects in the following amounts:

Hunters Point	\$ 4,416,588
Western Addition A-2	8,610,112
Yerba Buena Center	3,123,078
Northeast Waterfront	474,865
Bayview North	1,395,578
Central Relocation Services	<u>259,481</u>
TOTAL	\$18,279,702

Mr. Hamilton recalled that the budget had been reviewed with the Commissioners in the individual workshops, and staff now recommended its approval. Acting President Shelley noted that Ms. Blomquist had reviewed the budget and, because of her absence from the City, she was unable to be at the meeting. Ms. Blomquist had written a memo addressing her specific concerns resulting from her analysis of the budget.

NEW BUSINESS (continued)

In response to Acting President Shelley's inquiry, Mr. Hamilton indicated that the action before the Commissioners was a recommendation that the Executive Director be authorized to transmit the 1979 Community Development Budget to the Mayor's Office. Acting President Shelley indicated that she would present Ms. Blomquist's concerns and asked that staff respond to these questions.

1. Allocation of \$150,000 for outside legal consultants, Hunters Point and A-2. Ms. Blomquist expressed her belief that this amount for outside legal services was excessive and indicated that she believed that Agency staff could provide some of these services.

Mr. Hamilton noted that on today's agenda the Commissioners had approved the attorney fees for only one case in the total amount of \$133,000. Such cases are not unusual, and it is necessary to provide for such an eventuality. He noted that the majority of Agency legal matters could be handled by staff, but highly specialized cases or cases involving prolonged litigation required the services of an outside firm. He believed that staff had the responsibility to budget adequate funds for such services.

2. Reduction of funds budgeted for WAPAC and the San Francisco Coalition in accordance with the JHC budget of \$80,000. Mr. Hamilton indicated that budgets for these three organizations are predicated on services provided. He noted that the Hunters Point community had a relatively uncomplicated program to monitor which was considerably smaller in scope and less complex than the matters considered by WAPAC. The San Francisco Coalition is charged with only affirmative action responsibilities, but these relate to employment and training on a city-wide basis. He did not believe that a comparison can be drawn between the three organizations as to their budgetary needs.

In response to Ms. Berk's inquiry, Mr. Hamilton indicated his belief that the San Francisco Coalition was essential to develop affirmative action programs for the major construction soon to be under way in the Yerba Buena Center project. He noted that there was an extensive lead time needed to establish the mechanisms for having people available to participate in this construction.

Dr. Williams indicated his belief that the A-2 Project is one of the most complex in the nation and that the responsibilities for community involvement undertaken by WAPAC could not be compared with the Hunters Point community needs. Acting President Shelley indicated her belief that there was a significant difference.

3. Average personnel cost per Agency employee of \$31,052. Mrs. Hale indicated that this figure included a number of elements other than salary costs. She noted that the administrative budget included such personnel costs as the proposed salary increases for 1978 and 1979, allowed for promotions and reclassifications, provided for an increase in fringe benefits of 36 percent, which

NEW BUSINESS (continued)

included a retirement amount of 11.565 percent, as well as a sum which would pay the retirement costs for CETA employees if this becomes necessary.

In response to Ms. Berk's inquiry, Mrs. Hale stressed that all of those costs are reflected in the administrative budget. In response to Acting President Shelley's inquiry, Mrs. Hale noted that it was necessary to have both the 1978 and 1979 pay increases included because the budget period began in February, 1979, and there would be some overlapping of the salary periods.

Acting President Shelley recalled that Agency staff had recently been evaluated by the Civil Service as to comparability of their salaries to City employees. Mrs. Hale indicated that the salaries are based on the Civil Service evaluations of comparables. Mr. Hamilton also indicated that the salaries had been reviewed and approved by the Commissioners. Acting President Shelley inquired about Ms. Blomquist's proposal that the Agency consider discontinuing either the social security or the PERS retirement benefits. Mr. Hamilton indicated that staff had been evaluating this proposal but had not yet reached a decision as to the effect on the staff. In response to Acting President Shelley's inquiry, Mr. Hamilton indicated that it would be possible to make such a change without the City's action.

4. Staff reductions in such areas as Central Records, print shop, residential relocation, Property Management, Marketing and Business Development, and Hunters Point Engineering. Mr. Hamilton indicated that personnel levels have been carefully evaluated in the preparation of this budget, and he believed that any further staff reductions would seriously affect the Agency's ability to complete projects. A reduction in staff would have a temporarily beneficial effect on the budget, but in the long range it would extend the project completion dates and escalation would increase costs and delay the benefits to be realized by the City from project completion. He noted that the Central Records staff handled the voluminous documentation that is necessary for an Agency to store and retrieve. Had the film system not been instituted, the Agency would have needed additional office space because of the volume of paper. He noted that maintaining the Agency's capacity to reproduce and print material is essential to the routine operation of the Agency as well as maintaining a successful marketing and development program. Any diminution of the Agency's capacity in this area would have an adverse effect on the land sales program. A reduction of relocation staff would seriously inhibit the Agency's ability to serve the residents of the project areas and process claims for those persons who have already moved. Property management staffing needs are also critical in order to maintain the dilapidated properties in a condition adequate for people to occupy until they are relocated. The sales and marketing staff is responsible for one of the primary functions of the Agency in obtaining developers of Agency owned land. The Commissioners have previously recognized the importance of this function in creating the position of Director

NEW BUSINESS (continued)

of Development and in selecting Mr. Lewis Arnold to carry out that function. The need to maintain the engineering staff in Hunters Point is anticipated to continue through calendar year 1979, and then it is anticipated that the work load for this staff will diminish.

Ms. Berk inquired about payment of brokerage fees for brokers marketing Agency land. Mr. Hamilton indicated that the Commissioners had adopted a policy of paying such fees, and this had been an effective tool for the marketing staff.

5. Allocation of \$45,000 for temporary stenographic services. Mr. Hamilton indicated that the 1978 budget amount of \$27,500 had already proven to be inadequate, and that the \$45,000 figure was a more realistic assessment of the Agency's need. He noted that this item included funds for hiring security guards for the Agency meetings and provided clerical services for stenographic personnel who are ill, on maternity leave, or otherwise absent for extended periods. He indicated that this essentially represented employment of three clerical people to serve as replacements for a clerical staff of 40. He noted that an assumption that it was possible to reassign clerical staff for prolonged periods to cover extended absences was erroneous. Ms. Shelley inquired if the \$45,000 included all proposed temporary services, and Mrs. Hale answered affirmatively.
6. The necessity for a site office for the Bayview North Project. Mr. Hamilton indicated that approximately \$2,000 had been budgeted for such an office. He noted that there was presently no designated citizens committee for the project, and it was not now necessary to provide office space for staff in the proposed area. However, within 1979 it was anticipated there may be a need to provide such space. He indicated that originally it had been proposed that the site office functions for this project would be performed in the Hunters Point office. However, citizens from the area had shown a definite preference for a separation from the Hunters Point program.
7. Allocations for rental and repair of office equipment were high. Mrs. Hale indicated that an allocation of \$96,100 for this purpose was based on experience and was the amount necessary to maintain, repair and rent office equipment. This sum includes the costs of the MTST's, the computer, as well as all of the xerox and microfilm equipment. Mrs. Hale indicated, in response to an inquiry from Mr. Lee, that the expenditure for the previous year ending January 31, 1978 had been \$102,000.
8. Allocation of \$144,000 for office supplies. Ms. Hale indicated that this included costs for the paper and supplies for both the print shop, the microfilm equipment, as well as such things as law books, lamps, and miscellaneous purchases under \$50 such as towels for the restrooms. Routine supplies used by staff represent only a small portion of this cost. Ms. Berk indicated that if Ms. Blomquist was present, she would express a belief that the Agency did not need the print shop and could reduce its costs by eliminating this expense.

NEW BUSINESS (continued)

Mrs. Hale noted that Ms. Blomquist had questioned this function during the previous year's budget review and that she had prepared a memorandum on the cost of having printing performed outside the Agency. Mrs. Hale said that she would send a copy of this memo to Ms. Berk.

9. Necessity of expending funds for photography for printing. Mrs. Hale indicated that the press is equipped to run a four color printing process and that materials run on the press have to be filmed and stripped before they can be printed. The photography has to be done for each color, then the colors are fit together in a total composition and re-photographed before printing. Mrs. Hale indicated that it was considerably less expensive to send this work out to be done professionally because it eliminated the need to hire staff that can perform this specialized function and the need to purchase additional equipment. Dr. Williams indicated his interest in this process and noted that he had seen the print shop operate and had been impressed by the complexity of the material they produced and the quality of the work they achieved. In addition, he noted that they had trained a number of young men in the printing profession and had had several apprentices become journeyman printers.
10. Expense of non-expendable equipment - additional automobiles. Mr. Hamilton noted that the Agency's vehicles were so old that their maintenance was now excessively expensive. He noted that, as had been reported in conjunction with the purchase of two autos included in the 1978 budget, it was necessary for the Agency to begin replacing these vehicles. He stressed that these did not represent additional vehicles but were for replacement purposes. Ms. Berk noted that Ms. Blomquist had been concerned about the high number of vehicles for each employee and Mrs. Hale indicated that many of the vehicles owned by the Agency were for use by the project management personnel and that there was approximately 15 vehicles for use by the entire staff.

Acting President Shelley indicated that Ms. Blomquist had concluded her evaluation of the budget by questioning the Agency's goals. She requested Mr. Hamilton to address this issue. Mr. Hamilton indicated that Ms. Blomquist had a comment related to the amount of the funds requested in the 1979 Community Development Budget which would be attributed to administrative costs. He stated that the Community Development Budget did not reflect the total program administered by staff. The administrative costs related to a budget of approximately \$40 million, not just the \$18 million to be obtained from Community Development funds. He noted that administrative charges for all staff activities are included in the Community Development Budget. However, staff is engaged in overseeing millions of dollars of development work as well as serving in areas where no monetary assessment is possible. These include activities such as housing management where the Agency is obligated to work with sponsors and developers to insure achievement of the Agency's goals and priorities. Acting President Shelley indicated

NEW BUSINESS (continued)

that it appeared Mr. Hamilton was concluding that the Agency was essentially engaged in rendering a public service which involved a high degree of staff service not measurable against a definitive product. Mr. Hamilton concurred, again noting that all of these expenses are reflected in the Agency's administrative budget.

Acting President Shelley indicated that staff's comments and presentation of the budget satisfied any questions that she had had on the budget and expressed the hope that this information would also respond to Ms. Blomquist's inquiries.

Ms. Berk indicated that during her examination by the Board of Supervisors prior to being appointed to the Commission, the Supervisors had expressed a concern that the Agency was "empire building." She noted her concurrence with Ms. Blomquist's concern about high administrative costs, however, she had been impressed with the execution of the Agency's program by staff and felt that the salaries paid Agency personnel had been carefully evaluated for comparability to similar positions in the city. Ms. Berk also noted that the Agency would soon be undertaking a procedural audit to determine if there were additional areas where savings could be realized. In response to the Commissioners' request, Mrs. Hale indicated that all future salary information would be provided in terms of salary amounts.

MOTION: It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that the Executive Director be authorized to transmit the proposed 1979 Community Development Budget to the Mayor's Office of Community Development.

ADJOURNMENT

It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that the meeting be adjourned to an executive session. The meeting adjourned at 7:05 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Helen L. Sause".

Helen L. Sause
Secretary

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
6TH DAY OF JUNE, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 6th day of June, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order, and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Rubin Glickman
Melvin D. Lee
Dr. Hannibal A. Williams

SEP 11 1978

and the following was absent:

DOCUMENTS DEPT.
S.F. PUBLIC LIBRARY

Dian Blomquist

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Lyman Jee and George T. Choppelas, of Arcon/Pacific Campeau California; Ted Frazier, Gerry Groce, Teall Henderson, Harrita Burroughs, Janice Oliver, Theresa Lear, Willie Kelley and Harold B. Brooks, Jr., San Francisco Coalition; Enrico A. Zabela, Equal Opportunity Council; Y. C. Yang, T. Y. Lin International; Richard Harper, Western Addition Project Area Committee (WAPAC); Willa Jones, Bonnie Beasley and Oscar James, Joint Housing Committee; and Sose Selinger, T. Amitreanar, H. Erklauer, Sharron Trudunof, Essie Webb, and N. Engman, interested citizens.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Dan Borsuk, San Francisco Progress; and Jerry Adams, San Francisco Examiner.

APPROVAL OF MINUTES

It was moved by Mr. Glickman, seconded by Dr. Williams, and unanimously carried that the minutes of the Regular Meeting of May 2, 1978, be approved.

It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that the minutes of the Regular meeting of May 30, 1978, be approved.

SPECIAL APPEARANCES

Mr. Hamilton indicated that on Tuesday morning, May 30, Mr. Lyman Jee, of Arcon/Pacific, requested permission to address the Commissioners apparently for the purpose of requesting a time extension for the Apparel Mart development in Yerba Buena Center. He indicated that Mr. Jee was to show evidence of financing for this development by June 1, 1978. At approximately 3:00 p.m. on May 30, 1978, Mr. Jee called Mr. Mel Ury, Project Director for Yerba Buena Center, and indicated

SPECIAL APPEARANCES (continued)

his intention to withdraw his request to appear. Mr. Ury advised him to discuss the matter with his attorneys since under the terms of the Agreement between the Agency and Arcon/Pacific dated February 14, 1978, failure to appear might preclude or at least make difficult the ability of the Commissioners to grant a time extension after the June 1 date. Mr. Jee called Mr. Ury again at 3:30 p.m. and stated that he definitely would not appear at the May 30 meeting.

Mr. Hamilton noted that at approximately 4:00 p.m. on June 1, 1978, Mr. Jee had called him and indicated that he interpreted the deadline for submitting evidence of financing as the close of the calendar day at 12:00 midnight, and he requested identification of the person and the location where the data could be delivered prior to midnight. Mr. Redmond Kernan was designated as the staff person to receive this material. At 11:50 p.m., representatives of Campeau, Mr. Clark Gillespie, Assistant Secretary, and Mr. David King, President, arrived at Mr. Kernan's house with a package and a covering letter. Mr. Gillespie requested that Mr. Kernan read the letter and sign it before accepting official delivery of the package. Mr. Kernan, upon reading the letter, determined that it specified that the Agency was not to open the package until 4:00 p.m. on Friday, June 2, 1978, and also permit withdrawal of the package at any time prior to that hour. Mr. Hamilton indicated that Mr. Kernan properly advised them that he could not sign such a letter since it, in effect, granted a one day extension which was not within the authority of staff to do. He indicated that he would receive the package and note the time of receipt without addressing the acceptability of the conditions. Messrs. King and Gillespie indicated that they could not tender the package unless Mr. Kernan executed the covering letter. Mr. Kernan reaffirmed his position and the package was withdrawn. Staff considers it as not submitted.

Mr. Hamilton indicated that on Friday, June 2, 1978, Mr. Jee had called and requested a meeting at 4:30 p.m. He had then met with Mr. Jee and representatives of the Campeau organization. Mr. Hamilton at that time reaffirmed his belief that Mr. Kernan had acted correctly, and Mr. Jee indicated that he had requested permission to make a public appearance before the Commissioners on Tuesday, June 6. Mr. Hamilton indicated that he had requested Mr. Jee to provide formal notice of his request to the Agency by Monday afternoon in order to calendar the matter.

At this time, 4:25 p.m., Ms. Charlotte Berk entered the meeting.

- (a) Request by Arcon/Pacific Campeau Corporation California in regard to evidence of equity mortgage financing for the Apparel Mart, Block 3723, Site 6, Yerba Buena Center Approved Redevelopment Project Area D-1.

Mr. Lyman Jee, of Arcon/Pacific addressed the Commissioners. He indicated his regrets that he had not personally delivered the package because he was sure that Mr. Kernan would have accepted it. He noted that he was now in a situation where it was necessary to explain why a condition had been imposed prohibiting opening the package for another "six to eight hours." Mr. Jee indicated that the decision to submit the package with the condition was the result of a great deal of discussion between himself and his partners and Campeau representatives. He indicated that they were trying to resolve the two provisions in his agreement with the Agency which stipulated Arcon/Pacific would not be party to any lawsuits against the project,

SPECIAL APPEARANCES (continued)

and also to promote the continuance of the convention center. Mr. Jee indicated that the issues involved resolution of persons within the Arcon/Pacific limited partnership. Mr. Jee indicated that the decision had been made to impose the condition on the submission of the data as a result of concerns about a purported lawsuit which could stop construction of the Apparel Mart and the convention center. By imposing the condition on acceptance of the package it was hoped that they could comply with the time established in the agreement and at the same time fulfill their obligation to protect the convention center from litigation. Mr. Jee indicated that he had pursued the project for over seven years and had participated in efforts to try and resolve the problems in Yerba Buena during that time. He indicated that in conjunction with Campeau the financing program for the Apparel Mart would be ready to proceed within the next 90 to 100 days. He believed that there were 2,000 commitments from the apparel industry including salesmen that would participate in the four major shows. Mr. Jee also had executed leases and believed he and his partners could complete the project within the next two years. President Wexler inquired if Mr. Jee's purpose in his appearance today was to request a reinstatement of his developmental rights in the Apparel Mart property. Mr. Jee answered affirmatively.

President Wexler suggested that, subject to objection of any Commissioner, and after staff has had an opportunity to comment on Mr. Jee's appearance, the matter be formally calendared for consideration at next week's meeting. He noted that there were a number of people in San Francisco who are interested in the project and the overall Yerba Buena Center development, and these persons were entitled to adequate notice that the matter was to be considered.

RULE OF THE CHAIR: President Wexler ruled that subject to any Commissioners' objections the request of Arcon/Pacific for reinstatement of developer rights in the apparel mart site would be calendared for consideration at the Agency meeting of June 13, 1978 and notice would be given to persons interested in the project. There being no objection, it was so ordered.

Mr. Glickman agreed with the ruling and commented that he believed a number of people were interested in this and were entitled to receive notice of such consideration. Dr. Williams believed that it would be unfair to require Mr. Jee to make his presentation twice.

Mr. Jee concurred in the President's ruling and noted his belief that many people in San Francisco wanted to see a new apparel mart built.

President Wexler inquired if Mr. Jee had made available to the staff or wished to make available to them any of the reasons which would substantiate his request for an extension of development rights prior to the next week's meeting. If Mr. Jee wished to submit such documentation, it would enable the Commissioners to evaluate the material in advance. In response to President Wexler's inquiry, Mr. Hamilton indicated that Mr. Jee had not been asked to substantiate his request for an extension because staff believed that it was not appropriate to accept any material after the initial attempt to deliver the parcel at Mr. Kernan's home. He suggested that the Commissioners ask for Mr. Borregard's opinion of whether staff analysis or

SPECIAL APPEARANCES (continued)

recommendation in this matter would be appropriate. Mr. Borregard indicated that he had read both the agreement and the Land Disposition Agreement for the Apparel Mart and he believed that it clearly precluded any right to petition for an extension of time after June 1. Since it appeared Mr. Jee was requesting a reinstatement of development rights under that agreement, Mr. Borregard believed that until the Commissioners reinstated Mr. Jee's development rights there was no purpose in examining any material that Arcon/Pacific wished to present on the development.

President Wexler clarified his request, indicating that he had intended to have Mr. Jee submit any materials which would support his request for reinstatement. Mr. Borregard concurred that material pertaining to reinstatement request would be admissible. President Wexler again inquired if Mr. Jee would be in a position to submit any material which substantiated the request for reinstatement to staff for their review and the Commissioners' evaluation. Mr. Jee indicated that this would create a problem for him because his submission would be a matter of public record and would include leases which he did not want to make public. He indicated he would wait until the matter was calendared and then submit the entire package. President Wexler stressed that his suggestion pertained only to documentation supporting a request for reinstatement. He did not believe this should include any documentation that should be kept secret for competitive reasons. Mr. Jee indicated his understanding and noted that he would need to get his staff together and decide what material to submit. He believed that he could make such a submission within the next two to three days. President Wexler stated that such a submission was not required but believed that it would be helpful to the staff and Commissioners to have in summary form Mr. Jee's arguments for reinstatement. Mr. Jee again agreed to submit such information. He introduced an attorney who represented persons in the Arcon/Pacific partnership. Mr. George Choppelas indicated that he represented some of the limited partners in Arcon/Pacific. He indicated that he would like to submit material for the Commissioners' review and noted that he represented the partner who had contributed to Mr. Jee's inability to make his submission before the time deadline. Mr. Choppelas indicated that the conditions in the letter resulted from a court order pending against one of the partners in a Texas divorce action. He expressed his appreciation for the opportunity to appear before the Commissioners and indicated that he would be working with Mr. Jee in submitting material.

President Wexler inquired if the matter was calendared at the next regular Agency meeting whether all interested parties could be notified that the Commissioners would be considering the Arcon/Pacific request for reinstatement of development rights. Mr. Hamilton concurred and indicated that notices would be sent to all affected by the matter.

In response to President Wexler's inquiry, Mr. Jee indicated that the request for reinstatement would not be for a specific time period but would be intended to request staff to receive the financial package for the Apparel Mart. President Wexler inquired if he understood correctly that reinstatement would be solely for the purpose of accepting satisfactory evidence of financing and Mr. Jee answered affirmatively. President Wexler thanked those making presentations and indicated that the matter would be calendared at the following Agency meeting.

PRESIDENT'S REPORT

President Wexler noted that a number of inquiries had been received about the potential affect of the adoption of Proposition 13 on the Agency's program. He indicated that the Agency shared the concerns expressed by many San Francisco residents about the continued provision of social services to the city. He noted that the Agency was also concerned about the maintenance of support services for its projected areas where the Agency had a commitment for improving the quality of life for the community residents. He did not believe that Proposition 13 would have an immediate detrimental effect on the Agency since it is totally funded by the Federal government and has only rarely used any City dollars. He noted that the Agency actually made money for the City, that its \$1-1/2 billion private development and rehabilitation program had produced nearly 10,000 new homes, an increase in the City's tax base, and thousands of permanent and construction jobs. He added that its program was producing a 300 percent increase in local tax revenues annually, which were more than \$18 million each year and would produce a 600 percent increase when its projects currently under way were completed. President Wexler indicated that there was an additional benefit in that the investment made in redevelopment areas resulted in additional taxes paid to the Federal government. He noted his pride in the Agency's accomplishments and the national recognition that had been given its program as "the best example of urban renewal in the nation." For these reasons, he hoped that the passage of Proposition 13 would not mean that City officials would divert money from community development funds for other purposes, particularly since expenditure of such money is mandated for use to eradicate blight and provide housing opportunities. He noted that it was the Agency's intention to continue program activities at their same level which he anticipated would make the City increasingly economically healthy and physically more beautiful. He inquired if any other Commissioners had a comment that they wished to make. There being none, he requested Mr. Hamilton to introduce item 8(a).

UNFINISHED BUSINESS

- (a) Resolution No. 119-78 authorizing the issuance of \$97,000,000 principal amount of Redevelopment Agency of the City and County of San Francisco Yerba Buena Center Lease Revenue Bonds, Series 1979.

This is the next action necessary in the financing of the Convention Center. Mr. Hamilton noted the similarity of this bond resolution to those previously issued by the Agency for construction of the Hunters Point school. The maximum amount of this bond is \$97,000,000 and it would be repaid from proceeds from the City hotel tax. Mr. Hamilton recalled that the matter had been discussed at length during the previous Agency meeting and that staff and counsel for the bond financing, Mr. Richard Salladin, were present to answer additional questions that the Commissioners may wish to ask.

President Wexler indicated that he had asked a number of questions. He referred to pages R-41 and R-42 of the bond resolution which refers to the priority afforded different funds. He inquired if Mr. Salladin could inform him as to why the operation maintenance fund was listed as Item D, page R-42, after the sinking fund which is Item C, page R-41. President Wexler expressed his belief that if it became necessary for the Agency to take over the facility if the City could not make its payments, it would be important to the Agency to have operation funds available. He believed that this maintenance fund had more importance than setting aside money

UNFINISHED BUSINESS (continued)

for payments that would only be made after the year 2000. He emphasized the difference between the sinking fund and those payments which would be currently due that are described in paragraphs A and B of page R-41. Mr. Salladin indicated that the operation and maintenance fund could have been placed in any order on the list but that it will become operative if rent is not being paid. In his experience, bond buyers prefer having the sources from which the bonds are paid listed at the top of the list. He believed that if the list was to be reordered, it would be difficult to sell the bonds. President Wexler indicated that his inquiry concerned only whether there would be funds available for the Agency to operate and maintain the center if this became a necessity. Mr. Salladin indicated that if the Agency had to operate the facility the operational maintenance item would then assume top priority in the funding. President Wexler requested clarification as to how the maintenance fund could assume top priority if there was a default. Mr. Salladin indicated that if the Agency operates the facility the maintenance item becomes the priority item since those payments to be made under A and C would be inoperative. Mr. Salladin also believed that the revenues would offset the cost of operating the project. After payment of maintenance and operating costs, Mr. Salladin indicated that the balance would then be used to pay the bonds. President Wexler then referred to page 48, section 610, which concerned the Agency's maintenance of the facility. He inquired if it was prudent to include language in this section which would limit the Agency's responsibility for operation to pursuing the City under the terms of the project lease or whether it was intended to create a separate responsibility for the Agency apart from the City's obligation. Mr. Salladin indicated that the Agency liability was limited by section 11.01 which restricts the Agency's obligations to those that can be paid from revenues.

In response to President Wexler's inquiry, Mr. Salladin indicated that section 11.01 limited the Agency's obligation to those that can be paid out of hotel tax revenues. Mr. Leo Borregard, Agency General Counsel, indicated that he was satisfied that the language was broad enough to cover the other obligations identified in the resolution. President Wexler inquired if that also applied to section 614 on page 52 which pertains to the Agency's responsibility to prosecute lawsuits. Mr. Borregard answered affirmatively, indicating that the Agency was covered either by revenues or additional rentals. President Wexler inquired about Section 16 on page 53 which requires the Agency to make a determination that "the trustees will make a subsequent determination about the adequacy of the report of funds from the City." He asked how the Agency would be in a position to make that determination or whether it would be done through an audit. Mr. Salladin indicated that the Agency has a dual role in that both the City and the Agency are responsible for reviewing the budget process. He recommended that the Agency file a request with the Controller so that each year the budget be supplied to the Agency for this purpose. He indicated that this would permit the City to budget sufficient funds for those purposes. In response to President Wexler's inquiry, Mr. Borregard indicated that he believed the provision is written in such a way as to give the Agency adequate assurances it can carry out its responsibilities.

President Wexler indicated that his next question concerned Section 8804, page 62, which describes allocation of funds to be deposited by the trustee in banks either in time or demand deposits. He requested Mr. Salladin to

UNFINISHED BUSINESS (continued)

inform the Commissioners how that process worked since large sums of money would be involved which could generate substantial revenues. Mr. Salladin indicated that a request needed to be filed with the City to accomplish this. The Agency could invest the funds in Federal securities; however, he advised maintaining a certain amount of liquidity of resources. Mr. Salladin believed that the trustee would invest the funds as much of the time as possible. President Wexler inquired if it was necessary for the Agency to do more than request the trustee to make the appropriate investments in order to get the maximum return on the funds. Mr. Salladin recommended that the Agency monitor the investments in order to get the optimum return. In response to President Wexler's inquiry, Mr. Borregard indicated that the staff had not developed any precise wording requiring the investment of funds but that he would write to the trustee to request that the appropriate investments be made. He believed that this would be sufficient and the request should be renewed annually. Mr. Salladin stated that a single letter to the trustee would be sufficient. President Wexler inquired if there was a similar provision that related to the funds held by the paying agents so that the Agency would realize interest on those funds. Mr. Salladin indicated that the funds were with the paying agents only one day; therefore, it was not necessary or feasible to set up an investment procedure. President Wexler asked whether the selection of the trustee and the paying agent was initially made by the CAO's office. Mr. John Igoe, Project Coordinator for the Yerba Buena Center, answered affirmatively noting that the selection was made on a competitive basis. The request for proposals included requirements that the banks be of sufficient size to administer a fund of this magnitude, request for a fee schedule, and a description of the services that would be provided. The selection will be made on the basis of the fee schedule and services offered. Mr. Igoe noted that a similar process was used to select bond counsel. He also indicated that the payment of the trustee would be made from two different funding sources, the hotel tax fund and the proceeds from the bond sale. He stressed that the Agency would not pay for these services, but since some of the proceeds for payment are derived from the bond sale, it is necessary for the Agency to be involved in the process. President Wexler inquired if there was any action to be taken by the Agency on the selection of the trustee and paying agent since the selection is made by the City, and it appears that the Agency confirms the role of the trustee and the paying agent with the adoption of the bond resolution. Mr. Igoe answered affirmatively and noted that if any further action is necessary, it would be accomplished by a joint contract between the City and the Agency. He noted that the selection process and the competitive analysis had been done jointly with the Agency staff. Mr. Hamilton inquired if the approval of the resolution also approved the selection process, and Mr. Borregard answered affirmatively.

Ms. Berk inquired whether the Agency, in addition to monitoring investments, should file a formal request to the City Controller to obtain information about budgeting and the setting aside of money. She believed that such an accounting would be useful since the Controller has primary responsibility for monitoring the City's funds. Mr. Salladin concurred, noting that the City Controller would have responsibility for monitoring the funds. Commissioner Berk inquired if someone else formulated the budget, and Mr. Salladin noted that he was not familiar with the City's budgetary process but believed that the Mayor's Office and departments prepared the original

UNFINISHED BUSINESS (continued)

budget each January. Mr. Igoe indicated that the CAO would be responsible for budgeting the funds necessary to service the bonds. Ms. Berk expressed concern that since the City Charter presently provides the Board of Supervisors with only the authority to delete funds from the budget, she wished to be assured sufficient monies were originally included in the budget. Mr. Salladin indicated that no cuts were anticipated in the allocation of these funds because the Board of Supervisors had committed the funding. President Wexler noted his belief that any funding cut would be a breach of the agreement, and Mr. Salladin concurred.

MOTION: It was moved by Mr. Glickman and seconded by Dr. Williams that the resolution be adopted, and on roll call the following voted "Aye":

Mr. Wexler
Ms. Shelley
Ms. Berk
Ms. Blomquist
Mr. Glickman
Mr. Lee
Dr. Williams

and the following voted "Nay":

None

and the following abstained:

None

The President thereupon declared that the motion carried.

President Wexler directed the Secretary to complete the resolution. He expressed his appreciation to Mr. Salladin and Mr. Igoe and their staffs, as well as the Agency staff for all of their work on this matter.

NEW BUSINESS

- (a) Resolution No. 121-78 authorizing the Executive Director to execute agreement with the San Francisco Coalition regarding affirmative action; Yerba Buena Center Approved Redevelopment Project area.

Authorization is requested to execute an agreement which would continue the services of the San Francisco Coaliton. Mr. Hamilton recalled that the Coalition's program resulted from an agreement worked out with HUD to provide a mechanism for achieving city wide affirmative action during construction in the Yerba Buena Center project. The Coalition represents 40 member organizations. The contract proposed for the Commissioners' consideration is for a 12 month period beginning July 30, in the amount of \$144,818. This will provide the Coalition with staff necessary to effectively perform its job recruitment and training activities for the construction that will soon be underway. Mr. Hamilton noted that the Coalition will work with unions as well as the Apprenticeship Opportunities Foundation and community groups in providing an opportunity for minorities and women to participate

NEW BUSINESS (continued)

in the construction activities. He indicated that a considerable lead time is required to develop an effective program for such major construction. Mr. Hamilton indicated that from 18 to 24 months were needed to provide the Coalition with adequate time to prepare for construction activities in the project. The Coalition staff would increase from two to seven.

Mr. Hamilton suggested that a clause should be included in the contract to provide for a diminution in the services if for some reason project construction was delayed. Mr. Borregard indicated that it was anticipated the contract would be expended at the rate of \$12,000 a month, and if the convention center construction was delayed, this could represent a significant expense. He noted that he and Mr. Earl Mills, Deputy Executive Director, Community Services, had discussed a clause which would provide that expenditure of funds would be decreased approximately in half if the construction work was delayed 30 days or more.

President Wexler noted his belief that if the Board of Supervisors chose not to proceed with the bond sale and construction of the convention facilities, it appeared appropriate to include a contract provision to reduce the Coalition's activities. President Wexler asked if a provision could be incorporated which would give the Commissioners authority to reconsider the contract if the convention center work was significantly delayed without breaching the contractual relationship with the Coalition. Mr. Borregard answered affirmatively, and noted that he and Mr. Mills had considered such a provision.

Mr. Glickman also expressed his concern that the convention center could be delayed and believed that the contract should provide the flexibility to decrease the Coalition's services. Mr. Hamilton recommended that the Commissioners approve the agreement subject to modification of the agreement by Mr. Borregard which would permit a decrease in the Coalition's services if the construction program was significantly delayed.

President Wexler inquired if Mr. Ted Fraizer, Executive Director of the San Francisco Coalition, wished to comment on this proposal. President Wexler stressed that it was not the Commission's intention to decrease the Coalition's services but only to provide for the contingency of delays in construction. Mr. Fraizer indicated that the Board of Supervisors and the Chief Administrative Officer had approved the project and announced that it would be underway in August. He believed that it was unlikely the work would not proceed; however, the Coalition would be agreeable to inclusion of such a provision. He stressed that the convention center was a revenue generating project which would increase the City's tax base, and he believed that the Commissioners' concerns about delay of the project were without foundation.

Mr. Hamilton noted that the contract had an attachment required by HUD which contained terms and conditions which provided for the Agency to terminate the contractor's services at its convenience. He believed that if it was necessary to decrease the Coalition's activities, there was sufficient authority in the contract to accomplish this. Mr. Glickman expressed concern that this document was not sufficiently specific. He stressed his belief that the project would proceed, but indicated that the Commissioners

NEW BUSINESS (continued)

needed to have protection in the event unforeseen delays were incurred. Mr. Hamilton indicated that he understood Mr. Glickman's concerns, but he believed that the termination clause satisfied President Wexler's question. President Wexler inquired if Mr. Fraizer agreed to the provision, and Mr. Fraizer answered affirmatively, noting that it had been part of the Coalition's previous contract. He indicated concern that if the Coalition's contract was decreased or terminated, it could result in a delay in providing for affirmative action requirements.

Mr. Fraizer recalled the history of the Coalition's work in the project, noting that its basic purpose was to recruit applicants for construction jobs in the Yerba Buena Center while addressing the problems of unemployment, under-employment, and low income city residents. The Coalition's activities are not limited to construction employment but include efforts to increase entrepreneurial participation during construction and job advancement for individuals. He noted that procedures for achieving these objectives had been established and liaisons had been worked out with organizations to facilitate recruitment of San Francisco residents. Mr. Fraizer inquired if there were any questions concerning specific aspects of the Coalition's activities. Ms. Berk expressed her appreciation to Mr. Fraizer for providing the Commissioners with information on the organization. President Wexler thanked Mr. Fraizer for his presentation.

Mr. Lee inquired about the provisions for a safety program in the Coalition's activities. He asked specifically if the training program included specific safety measures and Mr. Fraizer answered affirmatively, noting that all personnel recommended by the Coalition were instructed in safety regulations.

MOTION: It was moved by Mr. Glickman that the agreement with the San Francisco Coalition be approved subject to inclusion of a clause that would allow the Commissioners authority to modify contract payments to the Coalition if construction did not proceed as anticipated on the convention center.

The motion died for want of a second.

Mr. Borregard suggested that the contract be modified to give the Agency the right to request renegotiation of the contract amount to reflect reduced budgetary needs if construction of the convention center was significantly delayed.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that the resolution be adopted subject to the inclusion of a clause which specifies that if there are significant delays in the convention center construction, the contract may be renegotiated to decrease the San Francisco Coalition's services, YBC.

President Wexler stressed that he and Mr. Glickman did not intend to appear to suggest that the Agency was not confident that the Yerba Buena Center construction would proceed, but only to provide the Agency with protection in the event some unforeseen circumstance delayed construction.

- (b) Resolution No. 122-78 authorizing the Executive Director to enter into a

NEW BUSINESS (continued)

rental agreement with Dalton Construction Company for the utilization of cleared Agency-owned land located on Howard Street between Third and Fourth Streets (Block 3723, Lot 11); Yerba Buena Center Approved Redevelopment Project Area.

This matter concerns a rental agreement with Dalton Construction Company for a 10,000 square foot parcel at Howard Street between Third and Fourth in Yerba Buena Center. This agreement would provide for a 45 day rental with compensation of \$225.00. The site will be used for construction storage in connection with the Howard Street Water Main relocation.

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Berk, and unanimously carried that the resolution be adopted.

- (c) Consideration of award of contract for procedural audit services to Ernst & Ernst.

This matter concerns authorization to contract with a firm for a procedural audit. Staff believes that there are a number of procedural matters which have developed from practice and these need evaluation to determine if they are correct and effective. Mr. Hamilton recalled that approximately two months earlier staff was authorized to solicit proposals for these services. Mr. Hamilton indicated that as a result of this solicitation two proposals had been received - from A. D. Little, Inc. and from Ernst & Ernst. He believed that the work program proposed by Ernst & Ernst was more responsive to the Agency's needs. He recommended approval of a contract with this firm not to exceed \$21,000.

President Wexler inquired if Mrs. Hale would comment on the two firms' approach to the Agency's operation in such areas as real estate, rehabilitation, and engineering. He expressed the belief that these activities were specifically addressed by A. D. Little and asked if they were also included in the Ernst & Ernst proposal. Mrs. Hale indicated that the request for proposals had specifically detailed all areas which were to be covered by the audit which included these activities as well as architecture, planning and housing. She believed that the firms both understood the specific areas to be analyzed. She noted that Ernst & Ernst had addressed three specific areas that she had used as examples of potential problems but believed that even though they had addressed these specific activities, they were committed to report on all Agency procedures. President Wexler inquired if representatives of these firms were present, and Mrs. Hale indicated that Mr. Alan Beck, a supervisor at Ernst & Ernst, was present.

ADOPTION: It was moved by Ms. Shelley, seconded by Mr. Glickman, and unanimously carried that a contract for performance of a procedural audit of the Agency's program be awarded to Ernst & Ernst in an amount not to exceed \$21,000.

President Wexler indicated that the Commissioners looked forward to receiving the audit report.

NEW BUSINESS (continued)

- (d) Resolution No. 124-78 establishing classifications of positions and compensation for the Agency staff and establishing the authority for appointment to and vacation from positions under said classifications and other related matters.

This matter concerns establishment of Agency salary classifications and compensation schedule effective July 1, 1978 through July 30, 1979. Staff recommends increases for employees which range from 21.5 percent for one employee to no increase whatsoever for 93 employees. These recommendations are in accordance with comparable City salaries as approved by the City in its standard salary ordinance in March, 1978. The average increase is 5.8 percent. Mr. Hamilton also recommended approval of other matters in the resolution which included deletion of the classifications of Deputy Executive Director for Planning and Development, the Director of Marketing and Business Development, and the Assistant Director, Residents and Business Services, based on a probable lack of need. Three new positions, Director of Development, Chief of Real Estate, and Painter Supervisor, would be established based upon current staffing needs. In addition, there are six existing classifications which are to be retitled with no additional pay. These include Community Service Supervisor to Assistant Supervisor, Residents & Business Services; General Carpenter Foreman to General Craft Supervisor; Plumber Foreman to Plumber Supervisor; Carpenter Foreman to Carpenter Supervisor; Laborer Foreman to Laborer Supervisor; and Janitor to Custodian. Mr. Hamilton recommended approval of these changes in the Agency's salary resolution.

Dr. Williams requested that the Commissioners be provided with information on salaries in dollars. President Wexler inquired if Dr. Williams wished such material to be routinely submitted with salaries shown in actual dollars. Dr. Williams concurred and Mr. Hamilton indicated that this would be the policy in the future.

Mr. Lee inquired about the reason for reclassifying the foremen to supervisory titles, and Mr. Hamilton indicated that this was being done to more accurately describe the responsibilities of the individuals involved. Mrs. Hale noted that it was also to remove sex connotations from the job titles.

President Wexler indicated his understanding that the recommendations the Commissioners were considering conformed with those approved by the Board of Supervisors in March for City employees in comparable positions as specified by Charter provisions. He noted that if Proposition 13 was passed and the City elected to make any changes in salaries, he believed it was incumbent upon the Commissioners to consider those changes and possibly conform to the Supervisors' action. He recalled that it has been the Commissioners' procedure to keep the Agency's salaries comparable to those of the City, and he believed that they would not change this policy. President Wexler inquired if any union officials were present who wished to comment on the matter. Ms. Shirley Wysinger, President, Local 400, Redevelopment Section, indicated that the Union's membership endorsed the proposed salary resolution. She noted that Union representatives had met with management to review the proposals and that there were some aspects where they had agreed upon changes, and there were some areas still being discussed which the Union did not believe were comparable to City employees.

NEW BUSINESS (continued)

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Glickman, and unanimously carried that the resolution be adopted.

OFF AGENDA

- (a) Request by Mr. Claude Carpenter, Executive Director, Joint Housing Committee, to comment on a matter of concern to the Hunters Point community.

Mr. Carpenter expressed concern about a possible conflict of interest for Agency employees serving on community boards as officers, and making policy for the community while employed by the Agency. He indicated that he had expressed this concern to Mr. James Wilson, Area Director, Hunters Point/India Basin Project, and had received a letter which he did not believe was responsive to these concerns. On June 2, 1978, Mr. Mills had also written to him, but he alleged this letter still did not respond to the issue. Mr. Carpenter asked the Commissioners to consider the Joint Housing Committee's (JHC) concerns and indicate the Agency's policy as to whether employees can assume an advocacy role in community organizations while being paid by the Agency. He was concerned that this could potentially place an employee in the position of opposing the JHC's policies. He noted that an Agency employee is chairperson of the Hunters Point Coordinating Council which has opposed the JHC on policy matters. He did not intend to attack any specific organization, but requested that the Commissioners clarify the Agency's policy on the role of staff in such matters.

In response to President Wexler's inquiry, Mr. Hamilton noted that the issue raised by Mr. Carpenter concerned an Agency policy which has evolved from practice in the A-2 and Hunters Point project areas. He noted that staff had been encouraged to participate in the communities in which they worked and were often hired because they were community activists. It had been the Agency's belief that such employees would be more effective in providing representation of community positions. He also noted that in Hunters Point the JHC participated in the selection of project employees. Mr. Hamilton indicated that all organizations in a community may not be totally in agreement with the citizens group officially recognized by the Agency. However, the Agency has consistently followed a policy of allowing staff members to participate in community activities with the understanding that when matters affecting their own employment were considered, they were to abstain from voting or participating in the discussion. Mr. Hamilton indicated that he was not sure of Mr. Carpenter's specific concerns from reading the correspondence submitted by Mr. Carpenter; however, he believed that Messrs. Wilson and Mills had informed Mr. Carpenter of the Agency's policy on this matter. He noted that the Agency also had employee staff whose duties required that they attend meetings and be involved in community organizations. He believed that the persons named in Mr. Carpenter's correspondence were ones whose employment required such activities.

Mr. Carpenter expressed the belief that staff who participated in community meetings as part of their duties should report back to the Agency and the JHC on the community organizations in which they are active. He again expressed concern that Redevelopment Agency staff advocated positions in the community contrary to those of the JHC. He was also concerned that Agency staff chaired community meetings. Mr. Carpenter indicated that he was

OFF AGENDA (continued)

appearing on behalf of concerned persons from the Bayview/Hunters Point community and requested that the Commission state its policy on the matter. He inquired of Mr. Wilson why Mrs. Ethel Garlington, Administrative Assistant II, did not report to the Commissioners on the Coordinating Council's positions. He believed that if the Agency staff person can make policy in the community, they should also report on those policies to the Commissioners. He believed that such participation represented a conflict of interest. Mr. Carpenter again requested the Commissioners to clarify their policy on this matter. Mr. Carpenter indicated that he was an elected official in the Hunters Point community and would be happy to answer any questions about his request.

President Wexler indicated that since the Commissioners had just received the information, he did not believe they had had sufficient time to evaluate the material. He inquired if Mr. Carpenter was concerned about Agency members participating in any community organization, and Mr. Carpenter answered negatively, noting that he objected to Agency staff members chairing community meetings. President Wexler asked, as a hypothetical question, if an Agency employee living in the community was elected to office of either the JHC or the Coordinating Council, whether this created a problem for Mr. Carpenter. Mr. Carpenter indicated that because the two organizations are made up of members elected from different processes, the proposal would not apply to the problem. The JHC is made up of elected officials from the entire community; however, the Coordinating Council has only 50 members and is made up of various organizations such as Model Cities program and the Redevelopment Agency. President Wexler then inquired if Mr. Carpenter had a problem with an Agency employee being elected to the JHC. Mr. Carpenter answered negatively. President Wexler then inquired if a staff member was selected to serve on the Coordinating Council, whether this created a problem for Mr. Carpenter and Mr. Carpenter again answered negatively. President Wexler then indicated that it appeared the problem resulted from an elected member of the Coordinating Council taking a position that may differ from the JHC on a particular issue. Mr. Carpenter answered affirmatively, noting that he believed that Agency employees should refrain from voting on issues that might constitute a conflict with the JHC.

Dr. Williams noted that the Agency had a contractual obligation to the JHC; however, he believed that the Commissioners had to respect the constitutional rights of citizens to participate in a decision making process that affected their own community. Mr. Carpenter concurred in this statement.

President Wexler indicated that he believed three concerns had been expressed. The first is an obligation of the Agency to honor its contract with the project area committee; the second is that all citizens have rights to participate in political and civic activities; and third is the issue of whether the Agency pays people to act as agents and provocateurs in the community. He stated that the Agency and Commissioners would answer an unqualified no to the third concern. Mr. Carpenter believed that everyone had a right to participate in any organization, but he expressed concern that the persons in question were being paid by the Agency while they were taking part in community meetings. He believed that the Agency was paying people to go to community meetings which were not in their job descriptions and asked that staff confine its attendance at such meetings after working hours.

OFF AGENDA (continued)

President Wexler indicated that Dr. Williams had summarized the Commissioners' policy by noting that people can participate in community activities as citizens. He asked staff to comment on the question of whether the Agency employs people to participate in community meetings which are not a part of their jobs.

Mr. Hamilton stated that the staff is never directed to participate in any organization, although there are some people working for the Agency who represent their own interests in community activities. He indicated that these people carefully guarded their autonomy in that regard, and he recalled instances where they had opposed Agency policies. He stressed his belief that they were entitled to take the positions that their own convictions dictated. He asked Mr. Mills to comment on the specific personnel mentioned in Mr. Carpenter's letters.

Mr. Mills noted that first it was important to comment on the background of the Coordinating Council and recalled that it was reactivated about three years previously. He had served as the Agency's representative. At that time, the Area Director for Hunters Point had encouraged people at management levels to participate in the Coordinating Council. Mr. Mills indicated that the persons referred to by Mr. Carpenter were staff, hired because of their ability to serve as liaison between the Agency and various community organizations. He observed that when a person participates in an organization regularly, that person is often chosen to become an officer. He noted that Mrs. Garlington is the treasurer of the Coordinating Council, and in the absence of the Chair often starts meetings. Mr. Mills stressed that it was Mrs. Garlington's duty to be at those meetings and other community meetings during office hours and at night. Mr. Mills indicated that Mr. Oscar James, Laborer, is on the landscape staff. Mr. James is a young man born and raised in the Hunters Point community and has served for several years as chairman of the Economic Development Commission. That group did not meet during office hours and his participation had not interfered with his work. However, occasionally the Coordinating Council will request Mr. James to attend its meetings and report on a certain aspect of economic development and the Agency had not decreased his pay for responding to such requests. These requests generally concerned matters that have influence on the project area such as the adjacent Yerby proposal and the uses at the Hunters Point Shipyard. In response to Mr. Lee's inquiry, Mr. Mills responded that this could take two hours of Mr. James' time when he attended a meeting every two to three months. Mr. Mills indicated that the third person mentioned by Mr. Carpenter was Mr. Bill Carter, Administrative Assistant II, who is elected to the Model Cities Agency, an organization that meets at night. His participation did not interfere with his work until approximately two years ago when the chairperson of the Commission, a police officer, requested that the Council meet from 10:00 a.m. to noon on Tuesday and asked that Mr. Carter be permitted to attend to continue representing the Hunters Point area. Mr. Mills indicated that Mr. Carter's role involved community contact in the Bayview/Hunters Point area as well as carrying out certain residential relocation services for the Hunters Point project. His primary responsibility is to deal with community businessmen in the Bayview North area. Therefore, his responsibilities in the Agency are primarily community oriented. Mr. Carpenter inquired if the three people Mr. Mills had discussed provided reports to the Agency on their community activities.

OFF AGENDA (continued)

Mr. Mills responded that the only person who is requested to make such a report is Mrs. Garlington, and that she routinely did so.

In response to President Wexler's inquiry, Mr. Carpenter indicated that he had not had authorization from the JHC to request the Commissioners for a policy statement on staff participation in community affairs. He felt that it was important to obtain this information and present it to the JHC for consideration. President Wexler indicated his belief that Mr. Carpenter had the right to ask for this information but that he was only attempting to determine if it was an official request from the JHC. Mr. Carpenter objected, noting that he did not need an official position from the JHC before requesting information from the Commissioners. President Wexler recommended that Mr. Carpenter meet with the appropriate staff and discuss the areas where there appears to be disagreement and work out a solution to the matter which could then be considered by the JHC. Mr. Carpenter again requested that the Commissioners express their policy on whether they paid people to participate in community matters. He indicated that if this was the Commissioners' policy, he would like them to request a report from the staff members that perform these duties. Mr. Hamilton indicated that it was inappropriate for Mr. Carpenter to make recommendations on the Commissioners' policy statement. He noted that he would make any policy recommendations that needed to be made.

RULE OF CHAIR: President Wexler indicated that subject to the objection of any Commissioner, the staff and Mr. Carpenter are to meet with any appropriate representatives of the Joint Housing Committee to discuss the matter, and if at the conclusion of such meetings there are matters appropriate for the staff or the JHC to present to the Commission, these would then be calendared for consideration. There being no objection, it was so ordered.

The meeting then recessed for five minutes, and reconvened at 6:40 p.m. in the Fourth Floor Conference Room, 939 Ellis Street, San Francisco, California.

NEW BUSINESS (continued)

- (e) Status review of development potential in the Sutter/Fillmore area, Western Addition Approved Redevelopment Project A-2.

At this time, 6:40 p.m., Mr. Glickman excused himself from the meeting.

President Wexler indicated that it was necessary for the Commissioners to meet in a brief executive session to consider a matter of litigation and that it was necessary to do so now before a quorum was lost.

RULE OF CHAIR: President Wexler indicated that subject to the objection of any Commissioner, Item 9(e) would be continued one week to allow a presentation when a full discussion could be held. There being no objection, it was so ordered.

President Wexler extended his apologies to the people who had waited for consideration of the matter.

ADJOURNMENT

It was moved by Mr. Lee, seconded by Dr. Williams, and unanimously carried that the meeting be adjourned. The meeting adjourned to executive session at 6:50 p.m.

Respectfully submitted,

Helen L. Sause

Helen L. Sause
Agency Secretary

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MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
13TH DAY OF JUNE, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 13th day of June, 1978, the place, hour and date duly established for the holding of such meeting.

The President called the meeting to order, and on roll call the following answered present:

Howard M. Wexler, President
Charlotte Berk
Rubin Glickman
Melvin D. Lee

and the following were absent:

Joan-Marie Shelley, Vice President
Dian Blomquist
Dr. Hannibal A. Williams

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Irving Singer, Ed Baker and Richard Cooley, West Coast Salesmen's Association; Lyman Jee and Henry Poy, Arcon/Pacific Ltd.; George Choppelas, Attorney; Stephen Berezin, Pacific National Equity Company; David King and Clark Gillespie, Campeau Corporation; Thomatra N. Scott, DeWitt Hoard, Reginald J. Pettus, Jr., Abraham Landry, Essie Collins, Rhoda McPherson, Linda Davis, Fannie McElroy, Owen O'Donnell, Peggy Hawkins, Genevieve Bayan, Donald Rappoport, Joe Rudolph, Deanie Lyons, George Colbert, Oliver Patterson, Jr., and Wade Woods, Fillmore Economic Development Corporation (FEDC); Richard Hayes, Walter Brown, Ed Crocker, Richard Brown, Mario Rogers, Robert Bolden, Fred Holden, Mary Rogers and Arnold Townsend, Western Addition Project Area Committee (WAPAC); Peter Clarke, Clarke & Cramer; Mitchell Burch, Laborers' Local #261; Maria Portillo Galatti, Friends of Tivoli; Anthony Kelley, Young Adults of San Francisco; Sue Hester, San Francisco Tomorrow; John Bookout, Stanford Graduate School of Business student group; Tom Gage, Business & Professional Improvement Association (BPIA); James Bronkema, Peter Herman and Herb Lempke, Embarcadero Center; O. Rogers and Claude Carpenter, Joint Housing Committee; Ted Frazier and Willie Kelley, San Francisco Coalition; Mary Martin, The Kitchen; Elizabeth L. Simpson, Simpson's Tax Service; Liz Cooper, William Bell, Jack Morrison and Donald Bentley, interested citizens.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

President Wexler noted that there were a number of people present who wished to speak on agenda items. He stated that there were speakers cards available at the back of the room and asked that those who wished to be heard complete the cards and submit them to the Secretary. He noted that with regard to the apparel mart matter the card should also indicate whether the speaker was for or against reinstatement of Arcon/Pacific.

President Wexler also announced that Laborers Local #261 had requested a special appearance. This appearance has been scheduled for the following Agency meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The Performing Arts Center (PAC) project bonds for construction of the PAC garage were approved by the Board of Supervisors on a seven to four vote at the Board of Supervisors' meeting of June 12, 1978. Mr. Hamilton indicated that this was the last official action needed to enable the Parking Authority to proceed with construction of the garage. The matter of clearing the site on Grove Street for the garage's construction will be calendared before the Commissioners at the appropriate time.
- (b) On Thursday, June 15, 1978, at 10:00 a.m., dedication of 68 units of elderly housing will be held at the northeast corner of Sutter and Gough Streets. Mr. Hamilton indicated that Mayor Moscone and Assemblyman Willie Brown were to be present and invited everyone to attend.

President Wexler thanked Mr. Hamilton for his report and requested the Agency Secretary to submit cards collected from persons wishing to speak on the consideration of reinstatement of developer rights for Arcon/Pacific on the apparel mart site.

NEW BUSINESS

- (a) Consideration of request from Arcon/Pacific, Ltd. - Campeau Corp. of California for reinstatement of developer interest for the apparel mart, Block 3723, Site 6, Yerba Buena Center Redevelopment Project Area. President Wexler indicated that the developer would be invited to make a presentation and after the Commissioners' questions are completed, the seven persons from the public who had submitted speakers cards would have an opportunity to make their views known.

RULE OF THE CHAIR: President Wexler stated that subject to the objection of any Commissioners, the members of the public would be allowed three minutes to make their presentations. If Commissioners had questions of these individuals, additional time would be provided for such discussion. There being no objections, it was so ordered.

Mr. Hamilton indicated that this matter concerns the request for reinstatement of Arcon/Pacific and Campeau Corporation of California as developers of the apparel mart site. He recalled that at the previous meeting he had reported the events that had occurred prior to midnight on June 1 with regard to the delivery of materials to Mr. Redmond Kernan, Deputy Executive Director. These materials were alleged to have satisfied the requirements for evidence of mortgage financing but their submission was conditioned upon an agreement that the package would not be opened until 4:00 p.m., June 2, 1978. Mr. Kernan appropriately did not receive these materials since it was staff's judgment that the deadline for submission of the materials had not been met. As a result, the Arcon/Pacific developer rights expired on the apparel mart site. Mr. Lyman Jee, of Arcon/Pacific, and the representatives of Campeau Corporation appealed to the Commission and requested reinstatement. The matter that has been calendared is for the purpose of hearing that request.

NEW BUSINESS (continued)

Mr. Lyman Jee came forward and introduced persons that were present to speak on this matter. He noted that Mr. David King, President of Campeau California, and Vice President of the Canadian Campeau organization, was present as well as Mr. King's administrative assistant, Mr. Clark Gillespie. Mr. Jee indicated that Mr. Gillespie would speak on behalf of the joint venture and its efforts during the past 90 days to provide the financing on the apparel mart. He noted that Mr. Henry Poy, his attorney, would also comment on the matter as well as Mr. Ed Baker, Chairman for the Salesmen's Building Committee. Mr. Jee indicated that Mr. George Choppelas was present and also wished to speak on behalf of several limited partners in Arcon/Pacific.

Mr. Choppelas indicated that he was appearing on behalf of the other partners in Arcon/Pacific, and particularly on behalf of Pacific National Equity, specifically Robert Coit and Henry Bereson. He recalled that a memo dated June 9, 1978 had been sent to the Commissioners and Mr. Hamilton to address the issue of why the financing package was delivered subject to certain conditions. He referred to the agreement with Arcon/Pacific of February 14, 1978, which was modified in May to permit a joint venture of Arcon/Pacific and Campeau Corporation. Mr. Choppelas indicated that at that time it was necessary to secure the agreement of the individuals involved in the limited partnership of Arcon/Pacific in the joint venture. A number of the partners lived outside of California, and one in particular, Mr. Coit, resides in Texas. Because of divorce proceedings that Mr. Coit was involved in, it was necessary for Mr. Coit to discuss the matter with his attorney on June 2, so that anything he agreed to or was done on behalf of Arcon/Pacific did not subject him to a contempt proceeding. Mr. Choppelas indicated that Mr. Coit had been cited for contempt of court on three previous occasions and was scheduled to appear on such a charge on June 6 in Dallas. Mr. Coit's concern about a possible contempt citation resulted in the submission of the apparel mart financing package subject to an allowance of sufficient time for Mr. Coit to discuss the matter with his attorney. Mr. Choppelas requested that on behalf of the limited partners and the other partners in the venture because of the time and energy expended by all the parties, the Commissioners reinstate the joint venture in the apparel mart site without regard to the manner of the package's delivery. He believed that the Commissioners in the past had treated developers fairly and urged that they continue this practice by reinstating the developer interest in the site. He referred particularly to the Filipino community's prolonged efforts to develop a cultural center and the Commissioners' assistance to them. He urged that the same type of assistance be given Arcon/Pacific. Mr. Choppelas indicated his recognition that many people opposed the apparel mart and preferred to develop a "Tivoli Garden" using the site. He believed that both developments could be accommodated utilizing the roof of the convention center. He also believed that the portion of the block on which the apparel mart is to be placed would be compatible with the convention center use as well as the adjacent open space. Mr. Choppelas indicated that he would be available to answer any questions that the Commissioners had on this matter.

NEW BUSINESS (continued)

President Wexler thanked Mr. Choppelas and stated that question of the developer group would be considered after they had all made their presentations.

Mr. Gillespie came forward and noted that he had come to San Francisco approximately two months earlier with the intention of developing real estate in the city on behalf of Campeau Corporation. At that time, he had met Mr. Jee and became interested in the Yerba Buena Center Project. He believed that since that time Arcon/Pacific had accomplished at great deal toward development of the apparel mart and wished to review the status of the project. He recalled that the apparel mart had been originally included as an integral part of the convention center development during the years since Arcon/Pacific was designated for its development and also incorporated in all master plans since that time. He believed that the desirability of such a development was undiminished and that San Francisco needed a new apparel mart. Mr. Gillespie also stressed his belief that the site was an excellent location and that the development would be economically feasible. He cited outside consultants that the firms had used in evaluating the proposal and believed that the financial package for the mart, which was prepared by an outside broker was sufficient to convince the Commissioners that the project is economically feasible. He also noted that the mart had been considered on the basis of its environmental effects and had been found an acceptable use. The architectural plans had been prepared and approved by the Agency. He believed the design would provide a model for future apparel marts in North America. The building permit has been applied for and Arcon/Pacific understood that a site permit would be issued within the next two weeks. Mr. Gillespie summarized the status of the apparel mart proposal by indicating his belief that it could become a physical reality if the Commissioners would allow the development entity to proceed.

Mr. Gillespie commented on the financial status of the project, noting that Arcon/Pacific had brought Campeau Corporation in as a financial partner and that Campeau provided experience as a developer, owner and manager of approximately 10 million square feet of office and commercial space in Canada. He indicated that a construction contract for the mart had been negotiated and an acceptable price had been agreed upon which was within the economic parameters of the development. This contractor was ready to begin construction as soon as the development entity advised them that they were ready to proceed. Approximately 55 percent of the showroom space is leased, which means that 225 tenants have signed firm leases including letters of intent. Of the exhibition space, 100 percent has been leased and 40 percent of the commercial space. Mr. Gillespie indicated that the equity for the improvements is payable to the joint venture and that the construction financing is also available. He believed that the accomplishment of all this within the last two months assured the success of the project. He commented that it was unfortunate that the Agency had been unable to accept the attempted submission but asked that the Commissioners now accept the developers' package and evaluate the progress made and then decide whether all requirements had been satisfied that would have been satisfied by June 1.

NEW BUSINESS (continued)

Mr. Henry Poy introduced himself as General Counsel for Arcon/Pacific and asked that the Commissioners consider reinstatement of Arcon/Pacific in the site. He recalled the problems that had been encountered since the developers' designation in 1971 and noted that there are now leases and commitments which enable the developers to proceed. He reported that with regard to tenants, approximately 1,500 members of Shoe Travelers of the West Coast and CALMAC were extremely interested in using the exhibit space. He believed it would be a breach of faith if they could not build the apparel mart for these prospective tenants who had supported the idea from its inception.

President Wexler thanked Mr. Poy for his comments.

Mr. Ed Baker came forward and introduced himself as chairman for the mart committee for various organizations in the apparel industry, specifically the West Coast Salesmen's Association, Shoe Travelers and CALMAC. He noted that organizations were also represented at the meeting who had an interest in conducting trade shows in the facility.

Mr. Baker introduced Mr. Richard Cooley, President of the West Coast Salesmen's Association, and Mr. Cooley reported that his organization represented approximately 400 women's apparel salesmen doing business in San Francisco. President Wexler observed that Mr. Cooley was listed as a speaker who wished to make a presentation, and Mr. Cooley noted that he had wished to make a statement on behalf of the developer. President Wexler indicated that it would be appropriate for Mr. Cooley and others to speak as members of the public since they were not directly related to the development team, and that an opportunity for this would be provided later.

Mr. Jee indicated that this completed the presentation and urged that the Commissioners consider the seven years that the developer had worked to provide a facility for the apparel industry. He requested the commissioners' favorable consideration of developer reinstatement.

President Wexler thanked Mr. Jee for the presentation, and indicated that he had some questions. He referred to the letter before him which Mr. Kernan had been asked to sign prior to accepting the package and noted that it essentially constituted a time extension which staff did not have the authority to grant. He asked if Mr. Jee was aware of the agreement to that effect, and Mr. Jee answered affirmatively. President Wexler indicated that Mr. Kernan was willing to accept the packet without signing the letter of condition if those delivering it had been willing to leave it with him on June 1. Mr. Jee indicated that he was not aware of that. In response to President Wexler's inquiry, Mr. Kernan confirmed President Wexler's understanding. President Wexler inquired if anyone on behalf of the developer group had any information that Mr. Kernan would have accepted the package on June 1 without signing the letter requesting a time extension. Mr. Gillespie indicated that he did not recall that this aspect had been discussed. President Wexler inquired if Mr. Gillespie was willing to submit the package without the time extension, and Mr. Gillespie indicated that he would not because they did not want to make a false representation. Mr. Poy indicated

NEW BUSINESS (continued)

that the developer did not consider a letter of condition as a request for an extension of time. Mr. Gillespie indicated that there appeared to be a difference among the development team on this point, although Mr. Jee appeared to have confirmed his understanding that the letter in effect requested the Agency to refrain from accepting the material until 4:00 p.m., June 2, 1978. Mr. Poy stated that the position they were taking was that they had delivered the package and had substantially complied with the requirement of the agreement that it be delivered by June 1. President Wexler indicated that the persons involved had advised the Commissioners that the package was to be left only if a statement was signed attesting that the package would not be opened before 4:00 p.m. Pacific Daylight Savings Time on June 2. President Wexler also noted that the statement required that, if requested, the submittal be returned to Arcon/Pacific. He stressed his belief that there was no delivery that could be received prior to 4:00 p.m. on June 2. He believed that these facts had been confirmed by the persons involved and that any legal interpretation Mr. Poy wished to place on the matter could be presented. Mr. Poy indicated that he had only wanted to indicate that they were not requesting an extension and that the interpretation of the letter was a matter of semantics. President Wexler stressed his belief that the submission was not to be opened until June 2, and therefore did not meet a June 1 deadline.

In response to President Wexler's inquiry as to any documents that reflected evidence that there was equity and mortgage financing commitments available prior to the end of the day, June 1, which were not contingent upon any other events, Mr. Jee indicated that he believed the contents of the package were self-evident. He asked President Wexler to accept it and review what he believed was a strong proposal for the Commissioners' consideration. President Wexler noted that this information would be significant in the Commissioners' considerations. He again asked that Mr. Jee inform him as to whether there was unconditional mortgage equity financing available as of June 1, 1978. He noted that if this commitment was available, Mr. Jee would now be in a position to show the Commissioners those documents. President Wexler stated that they were not interested in seeing leases but presumed the financing would be obtained primarily from Campeau and the mortgage and construction financing from a bank and wished to see evidence of this. If this documentation was available, the Commissioners could review it as it had been computed prior to June 1. Mr. Gillespie indicated that he had attempted to show mortgage and equity financing in the submission and stressed that evidence of equity financing was unconditional. Campeau Corporation has guaranteed completion of the project. He requested that the package be accepted so that the Agency staff could evaluate the submission and determine its sufficiency. President Wexler noted that, from information provided at the preceding meeting, the financing was conditioned in some manner on a certain number of leases. He inquired if there was a commitment from a bank which provided financial evidence as required by the agreement. Mr. Gillespie indicated that President Wexler was correct and that there were conditions to the financing.

President Wexler then inquired if the joint venture agreement which defined the interests of all the parties was completed, and Mr. Jee answered affirmatively, noting that he wished to also comment on a

NEW BUSINESS (continued)

matter which would strengthen their position in regard to the equity and mortgage financing. He reported that under the joint venture agreement Campeau California had agreed to provide the funds and he believed that this commitment could be positively interpreted. President Wexler asked if any materials which substantiated the reinstatement request had been submitted for the staff or Commission review prior to the Commission's consideration of the request. Mr. Hamilton indicated that nothing had been received. President Wexler noted that there was no requirement that Arcon/Pacific submit material, but that he had suggested it would be appropriate to enable the Commissioners to evaluate the request. Mr. Jee indicated that he had called Mr. Mel Ury, Project Director, and inquired what was meant by President Wexler's request because he had not known whether they were to submit their actual package or whether they were to submit a detailed statement as to the reason for the requested six hour delay before the Agency had permission to open the package. President Wexler indicated that he had asked that the developer submit information that would enable the Commissioners to have a basis for considering the reinstatement. He believed this had been clearly requested. If such evidence as signed documents establishing equity and mortgage financing dated as of June 1 or earlier, and the completed information on the joint venture, had been presented, it would have assisted the Commissioners in their evaluation. Mr. Jee indicated that he had misunderstood and not known what President Wexler had expected.

President Wexler inquired if Mr. Jee had provided his partners with copies of the agreement reached in February and whether they agreed to execution of the document prior to his signing it on behalf of the partnership. Mr. Jee indicated that there were about 13 limited partners and that he had the authority to act for the partnership, predicated on a majority action of the partners. He indicated that it now appeared some of the partners were denying that they understood the effects of the February agreement but that he had acted in good faith in executing the agreement. President Wexler inquired if Mr. Jee had obtained majority consent before executing the agreement, and Mr. Jee concurred, noting, however, that it had not been discussed with all 13 partners, but it was believed that he had the concurrence of the majority. He recalled that the agreement had been completed under great pressure within a two day period.

President Wexler recalled that as part of the agreement a payment of approximately \$100,000 was to have been made by the City to Arcon/Pacific and inquired if that money had been received and distributed to the partners in accordance with the partnership agreement. Mr. Jee confirmed that the money had been received but was used to pay bills for the partnership. In response to President Wexler's inquiry, Mr. Jee reported that approximately half of the limited partners were advised of the receipt of the money. In response to President Wexler's question, Mr. Jee indicated that this had occurred immediately after the funds had been received in March. President Wexler asked if Mr. Jee had transmitted copies of the agreement to the limited partners after it was executed, and Mr. Jee answered negatively.

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President Wexler asked if Mr. Jee had discussed the negotiations with Campeau Corporation for formation of the joint venture with the limited partners, and Mr. Jee answered affirmatively, noting that this had been done prior to the Agency's action in May. In response to President Wexler's inquiry, Mr. Jee responded that the limited partners had indicated that they would meet and resolve the limited partnership matters two days prior to June 1, and a new joint venture would be approved. Mr. Jee indicated that the partners were essentially in agreement with the concept of joint venturing with Campeau Corporation. President Wexler inquired if there were objections to the joint venture and Mr. Jee answered negatively, noting that the concerns related to the allocation of interest. President Wexler inquired about joint venture negotiations with Campeau, asking if any of the limited partners had suggested that Mr. Jee did not have the authority to act as specified in the February agreement. Mr. Jee indicated that one of the partners, who may be agreed upon as being a general partner, had expressed concern about this issue. This has now been resolved. In response to President Wexler's inquiry, Mr. Jee indicated that the limited partners had not questioned his authority to execute the February agreement. President Wexler asked when Mr. Jee had first heard that there might be some question of his authority. Mr. Jee indicated that this had occurred when he was formulating the joint venture with Campeau prior to June 2. In response to President Wexler's further questioning, Mr. Jee indicated that there was some question of his authority by the limited partners through their attorney. President Wexler indicated his understanding that that was resolved prior to June 1, and Mr. Jee answered affirmatively. President Wexler inquired if any of the other Commissioners had questions for Mr. Jee.

Mr. Glickman inquired who had retained Mr. Choppelas in this matter, and Mr. Choppelas responded that Mr. Ralph Torello and Pacific National Equity were his clients. He also noted that Mr. Stephen Berezin, one of the limited partners, was present. In response to Mr. Glickman's inquiry, Mr. Choppelas noted that his client contended that Pacific National Equity is a general partner in Arcon/Pacific. He added that he also had been authorized to represent Mr. Robert Coit who was a limited partner. Mr. Hamilton inquired if Mr. Choppelas also represented Mrs. Coit, and he answered negatively but confirmed that she had an interest in the project as well as another person in the Coit family.

President Wexler asked Mr. Choppelas about his letters to the Agency which referred to the partnership agreement between Arcon/Pacific and Pacific National Equity and asked whether he had any evidence that the Agency had ever received a copy of that agreement. Mr. Choppelas indicated that Mr. Torello had informed him that this and all other contractual documents had been submitted to the Agency staff. President Wexler asked when the partnership agreement had been submitted to the Agency, and Mr. Berezin indicated that it had been in 1971 at the time of the disposition of the site to Arcon/Pacific. President Wexler noted his understanding that Mr. Choppelas' letters alleged Mr. Jee had no authority to execute the agreement of February 14, 1978. Mr. Choppelas confirmed that this was a correct interpretation of his letters and noted that the original partnership agreement was a joint

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venture with certain conditions which specified that Pacific National Equity and certain limited partners were to consent in written form to any acts by Mr. Jee. He noted that there had been certain subsequent changes in that partnership agreement, and his clients contended that Mr. Jee did not have authority to execute the February agreement. He stressed that Pacific National Equity had continued to act as a general partner. Mr. Torello, President of Pacific National Equity, had informed Mr. Choppelas that he knew nothing of the February, 1978, agreement and had not been consulted by Mr. Jee about executing the agreement. Mr. Torello had contacted Mr. Choppelas on May 18 and informed him that joint venture negotiations were going on with Campeau but he had not been informed of any of the actions prior to that time. Pacific National Equity and other limited partners have agreed to proceed as proposed by Mr. Jee and this agreement is indicated in the financing package that had been submitted on June 1. Mr. Choppelas noted that about May 23 Mr. Torello had also informed him that he had written Mr. Jee and told him that he was acting without the proper authority. However, Mr. Torello subsequently had agreed to the submission of the financing package. President Wexler inquired if this in effect ratified the February agreement, and Mr. Choppelas answered negatively, noting that Mr. Torello's acceptance was conditioned on the Agency's approval of the submission. Mr. Choppelas reported that as indicated in his letters, the limited partners had initially intended to initiate litigation against Mr. Jee. President Wexler asked whether it was the 1971 partnership agreement or some subsequent document that had not been executed. Mr. Choppelas responded that it was an agreement drawn sometime after 1971 which represented a realignment of interests in Arcon/Pacific. His client contended that this agreement had never been properly executed. In response to President Wexler's inquiry, Mr. Choppelas noted that his client agrees that the 1971 agreement is a valid document. President Wexler inquired about the specific language Mr. Choppelas believed had not been properly complied with when Mr. Jee executed the February agreement. Mr. Choppelas expressed the belief that the relevant section was on page 7 which concerned selling or exchanging all or substantially all of the partnership interests. President Wexler summarized his understanding that Mr. Choppelas, on behalf of Pacific National Equity and Mr. Coit, contended that Mr. Jee had violated the 1971 partnership agreement when he signed the February agreement and that this invalidated the February agreement. Mr. Choppelas answered affirmatively.

President Wexler observed that Mr. Jee had reported that he had obtained consent from the majority of the limited partners prior to executing the February agreement and asked if Mr. Choppelas agreed with this statement. Mr. Choppelas reiterated that Mr. Torello contended he had not been advised of the execution of the February agreement. In response to President Wexler's inquiry, Mr. Choppelas indicated that Mr. Torello had not been aware of negotiations between Mr. Jee and representatives of the Agency and City which resulted in the execution of the February agreement.

Mr. Jee came forward and stated that Mr. Torello was informed of these negotiations. However, he had difficulty in advising Mr. Torello of

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the eventual conclusion because he had been unavailable. President Wexler inquired if he had had Mr. Torello's agreement when he signed the document, recalling that Mr. Jee had indicated that he had the majority consent for its execution. Mr. Jee indicated that he had explained his need for the \$100,000 to Mr. Torello who had indicated that he would do what he could to help as a general partner, but had not then been available for two or three days. The time schedule made it necessary for Mr. Jee to proceed to execute the agreement.

In response to President Wexler's inquiry, Mr. Choppelas said that he did not know when his clients had been made aware of the February agreements since his first contact with Mr. Torello had been on May 18, 1978. President Wexler inquired if Mr. Choppelas or his clients had contacted the Agency or City representatives prior to June 2 and whether he had advised them that Mr. Jee did not have the authority to sign the February agreement. Mr. Choppelas noted, with reference to a time before June 2, that it had been believed the only cause of action had been against Mr. Jee, not the Agency or the City. Mr. Jee had then indicated that the apparel mart financing included the commitment of Campeau and Mr. Torello had indicated that if agreement could be reached to have the development rights continued for the apparel mart, Mr. Torello would consent to the agreement. President Wexler reaffirmed that the Agency would have had information about the claim that the agreement was not properly executed only when Mr. Choppelas' letters of June 9 and 12 had been delivered to the Commissioners on June 12.

Mr. Poy indicated that he could respond to a number of the points specifically raised on the partnership agreement. He noted that after July, 1971, the Arcon/Pacific partnership agreement had been renegotiated to make Pacific National Equity a limited partner, and, although the document had been executed by Mr. Torello, it was not signed by the other limited partners. Mr. Poy stressed that Mr. Torello had acted as a limited partner since that time and had left the decisions concerning Arcon/Pacific up to the Arcon Corporation. He commented that the section in the partnership agreement discussed by Mr. Choppelas concerns essentially all of the assets and stressed that they did not consider the \$100,000 in the February agreement as being all or substantially all of the Arcon/Pacific assets. In this context he did not believe it was necessary to obtain limited partners' consent in order to act.

In response to President Wexler's inquiry, it was indicated that this completed the developer's request for reinstatement. President Wexler noted that members of the public who had submitted cards would be invited to speak for three minutes each. Then the Commissioners could present any questions or discussion that they may wish to offer before taking action.

President Wexler indicated that before the first member of the public, he would allow Mr. Berezin to make a brief response to Mr. Jee's remarks.

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Mr. Berezin came forward and indicated that he was a general partner of Pacific National Equity Company and wished to correct an impression that the Commissioners may have from the previous presentations. He recalled that in 1972 an agreement confirming Pacific National Equity in a limited partnership position had been prepared. This was never fully executed, although Pacific National Equity Company had signed it. He stated that Pacific National Equity had originally been a general partner, and it would have required ratification from the other limited partners to have altered this position. Mr. Berezin stressed the importance of this issue to Pacific National Equity because they would have realized a certain financial relief had the company no longer been a general partner. In response to President Wexler's inquiry, Mr. Berezin indicated that, even though he and Mr. Torello were aware of the negotiations, they were not aware that the February agreement had been signed. They had warned Mr. Jee that the proposals being negotiated were unacceptable to them. In response to President Wexler's inquiry, Mr. Berezin noted that he lived on the Peninsula but had not seen anything in the newspapers about the February agreement since he was out of town a great deal of the time.

President Wexler thanked him and asked for the first public comments concerning the request for reinstatement of Arcon/Pacific.

Mr. Jack Morrison indicated that he had participated in the Mayor's Select Committee for Yerba Buena Center. He expressed his belief that Mr. Jee had had an ample opportunity to develop the apparel mart site and recalled that in 1976 the Mayor's Committee had proposed that the apparel mart be moved across the street from the Central Blocks. At that time, Mr. Jee had indicated that he was "one-sixteenth of an inch" away from final agreement on financing the mart. Mr. Morrison indicated that the committee had agreed to the apparel mart remaining on the site but had recommended that the Arcon/Pacific development rights not be extended beyond the termination date at the end of 1976. Mr. Morrison noted that now Mr. Jee was again reporting that he was ready to proceed, and he did not believe that Mr. Jee had the capacity to develop the site. Mr. Morrison urged that the Commissioners not reinstate his rights. Mr. Morrison indicated that if it was a question of losing the apparel mart for San Francisco, the Commissioners might be justified in taking an additional chance on Mr. Jee, but that it appeared there were private developers who would fulfill the city's need for an apparel mart. Mr. Morrison commented that the Mayor's Committee had recommended the theme park as the best economic proposal for the Central Blocks and urged that the Commissioners consider developing this park which he estimated would provide 1700 jobs and bring the public \$2 million in annual revenue. Mr. Morrison stressed the need to utilize both of the Central Blocks to achieve a viable development. He did not believe that the theme park and the apparel mart were necessarily exclusive of each other and did not oppose consideration of the use on another site if it appeared that Mr. Jee had a feasible proposal. Mr. Morrison stressed his opinion that if the apparel mart was allowed to be developed in the Central Blocks, it would prevent construction of the theme park.

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President Wexler thanked Mr. Morrison for his comments.

Mr. Richard Cooley came forward. Mr. Cooley indicated that his organization had members that lived in the area and had permanent showrooms as well as those that come to the city to put on trade shows. He expressed his concern that facilities be provided for such shows to house both their permanent and transient members. Mr. Cooley also stressed the need for adequate parking for persons attending the shows and expressed concern that San Francisco have an adequate mart to fill the salesmen's needs. He asked that the Commissioners reinstate the development rights for Arcon/Pacific and support the project.

Mr. Donald Bentley came forward and appeared on his own behalf opposing the apparel mart. He commented that an addition is being made to the existing San Francisco apparel mart on Market Street. He indicated that Mr. Jee had waited too long and that the mart being developed was sufficient for the City's needs. Mr. Bentley indicated his belief that the West Coast Sales representatives appearing on behalf of Arcon/Pacific were doing so because they would be getting favorable rental agreements.

President Wexler thanked Mr. Bentley and inquired if Mr. Bentley's speakers card correctly indicated his affiliation with the San Francisco Apparel Mart. Mr. Bentley responded that he did business with the San Francisco Apparel Mart but was not associated with them.

Mr. Irving Singer, Chairman of the West Coast Salesmen's board, came forward and commented on the presentation made by Mr. Bentley. He noted that he was presently a tenant in the existing apparel mart at 841 Market Street. The redeveloper of this mart, Mr. Chin, had met with the West Coast Salesmen's organization approximately eight months earlier and had promised to give them two-to-three-year leases. Subsequently Mr. Chin had changed the lease requirements to five year leases and also altered the rental rate. Mr. Singer indicated that the new facilities being constructed at 841 Market are allegedly to house both permanent and transient members and the rates for these spaces were also being raised. Mr. Singer indicated that the mart Mr. Jee intended to build was designed to be even better than the new mart just completed in Seattle and urged that Mr. Jee be allowed to proceed with the development. Mr. Singer reiterated his concern that the salesmen were being forced to sign five-year leases at an exorbitant rate in the Market Street facility and had no alternatives.

Mrs. Maria Galatti came forward and indicated that she was a resident of the Upper Noe Valley. She noted that for two years her community group had supported the "Tivoli Gardens" proposal and reaffirmed this support.

Mr. Ted Frazier, Executive Director of the San Francisco Coalition, noted that he had also served on the Mayor's Select Committee which had discussed the apparel mart at great length. Mr. Frazier expressed his

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concern that the land had been undeveloped for a prolonged period and urged that the Commissioners favorably consider reinstatement of Arcon/Pacific to expedite development of the site. He indicated his support for the theme park or activity garden concept, but since there is presently no developer for this project, he urged that the apparel mart be allowed to proceed. Mr. Frazier expressed his belief that the apparel mart would provide a good affirmative action program which would provide jobs for minority individuals and businesses as well as economically benefiting the city. Mr. Glickman inquired if Mr. Frazier was speaking on behalf of the Coalition or expressing his own personal belief. Mr. Frazier indicated that these were his personal comments and that the Coalition had not passed a resolution on the matter.

Ms. Sue Hester spoke on behalf of San Francisco Tomorrow and urged the Commissioners to consider the public's rights in this matter. She noted that Mr. Jee had been unable to proceed with his development since acquiring development rights to the parcel in 1971 and believed that the Redevelopment Agency had given him every possible opportunity. She now requested that the public receive equal treatment. She believed that the public interest would be served in developing the urban theme park in the Central Blocks and that this should now take precedence. She commented that the development team did not appear to be a cohesive entity during its presentation and also noted the history of Mr. Jee's failures to meet previous deadlines. Ms. Hester believed that if Mr. Jee had a feasible development it could be easily located across Third Street. She urged that the Commissioners not reinstate the Arcon/Pacific development rights.

President Wexler indicated that this concluded the statements from the public.

Mr. Glickman stated that any decision he made would be based on the equities involved and not on the basis of a competing apparel mart. He noted that he intended to weigh the various factors involved, including the wishes of the public, and make a decision within the context of his own best judgment. He stressed that his decision would not be influenced by statements made by a private developer who has continuously appeared during the Commissioners' considerations of the mart and raised issues of competition between the proposals.

There being no other Commissioners wishing to speak, President Wexler indicated that he wished to state his position. He stressed that this was obviously a difficult decision which involved balancing the legitimate responsibility of the Agency to a developer with whom it has been in negotiation against an overall responsibility to the public. President Wexler recalled that the Commissioners had negotiated for a substantial period of time, approximately one year, to establish a development schedule for Mr. Jee. The first scheduled submission date was the June 1, 1978, deadline for the apparel mart. He noted that there are other dates that will be due subsequently. The next would be the Market Street Tower on August 1, 1978. The hotel and other office building sites are scheduled for expiration at later dates. Mr. Jee had chosen

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the expiration dates for these developments and had agreed that they would expire without a default period.

President Wexler also indicated that it now appeared the Central Blocks' surface development could not proceed until it was ascertained whether Mr. Jee had the authority to execute the February agreement. However, it was evident that Mr. Jee had not submitted the apparel mart financing packet to the Commissioners on June 1, and after hearing the testimony, President Wexler believed it was difficult to come to a conclusion that there was reason for further extensions. President Wexler expressed the belief that the Commissioners would like to see the apparel mart completed in a timely manner, but without a definitive statement that there was qualified mortgage financing as of June 1, he did not believe he could support a proposal for reinstatement.

President Wexler inquired if any Commissioners or staff wished to make additional comments. There being none, he entertained a motion on the matter.

MOTION: It was moved by Mr. Glickman and seconded by Ms. Berk that the request of Arcon/Pacific for reinstatement of developer rights for the apparel mart on Site 6, Yerba Buena Center, be denied, and on roll call the following voted "Aye":

Ms. Berk
Mr. Glickman
Mr. Lee
Mr. Wexler

the following voted "Nay":

None

and the following abstained:

None

President Wexler indicated that the action had concerned only the question of reinstatement of the developer rights for the apparel mart. He noted that the joint venture agreement also expired on June 1. Mr. Borregard confirmed this understanding. President Wexler commented that the expiration date on the Market Street Tower was August 1, 1978 and urged the developers to submit a request as quickly as possible so it can be calendared for Commissioner consideration if they wished to have the joint venture reinstated.

- (d) Resolution No. 128-78 designating the Fillmore Economic Development Corporation as the redeveloper of certain parcels in the vicinity of Fillmore and Eddy Streets included in the application for an Urban Development Action Grant for the Fillmore Commercial Area, in the Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that a number of community people were present and

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had waited to comment on the formation of the Fillmore Economic Development Corporation (FEDC).

RULE OF THE CHAIR: President Wexler indicated that subject to the objection of any Commissioner, upon staff's recommendation item 9(d) would be considered out of order. There being none, it was so ordered.

Mr. Hamilton indicated that this matter concerned designation of a community development corporation for participation in the Urban Development Action Grant (UDAG) program. He recalled earlier consideration by the Commissioners of the UDAG application during which it was indicated that a community group would be designated to act in partnership with the Agency to develop certain commercial and office space. A number of meetings had now been held in the community, some of which involved representatives of many elements of the community. The Fillmore Economic Development Corporation (FEDC) had been formed prior to the most recently held community meeting. It is a legally incorporated, tax-exempt entity composed of members of the Western Addition community. This community meeting had been attended by approximately 100 people and was jointly sponsored by the Agency and WAPAC. Meetings to expand the board are continuing. Mr. Hamilton indicated that the names of the 17 members of the board of directors presently proposed had been submitted to the Commissioners. He believed that these board members were broadly representative of the community and noted that they included individuals involved in legal, real estate, business, as well as having a historical commitment to Western Addition community affairs. Staff recommends designation of the corporation at this time to meet Federal requirements for consideration of the UDAG application. Mr. Hamilton reported that these requirements had been described during his meeting with HUD staff in Denver, Colorado.

Ms. Berk questioned one organization listed on the roster, WACAP. A representative from WACAP advised her that this was the Western Addition Center for Alcoholic Problems. Ms. Berk also inquired about the technique used to select board members and whether they had been sought out or had volunteered. Mr. Wade Woods, Acting Chairman, indicated that as a result of the community meetings people had volunteered to serve on the board. In addition, the FEDC representatives had sought out individuals from various organizations. Their recruitment efforts were directed at involving persons located in the neighborhood or who had a particular interest in the neighborhood. In some cases the expertise that was sought was invited from the broader San Francisco community. Mr. Woods noted that an advertisement had also been placed in the Sun Reporter, which requested persons with development expertise to send resumes to the board. He noted that there had been ten responses to this solicitation and these individuals would be considered for inclusion on the board. Mr. Woods commented that the SBA program required a board of 25 persons to qualify for its funding. He noted that the many persons presently designated as Board members had had to leave the meeting. He asked Rhoda McPherson, Secretary of FEDC, to come forward and introduce those members that were in attendance.

Ms. McPherson introduced the board members and outlined their professional expertise. These included Genevieve Bayan, World Community of Islam in

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the West; Joseph Rudolph, radio station KP00-FM, which has plans to relocate to the Western Addition; Donald Rappoport, West Side Community Mental Health Center; Reginald Pettus, Fillmore Merchants Association; Abraham Landry, Martin Luther King Square Association; Owen O'Donnell, Alamo Square Association; Deanie Lyons, Assemblyman Willie Brown's staff; Essie Collins, a businessperson; Linda Davis, Western Addition Center for Alcoholic Problems; Dewitt Hoard, Booker T. Washington Community Service Center; Oliver Patterson, Jr., Minority Contractors Association; George Colbert, attorney; Fannie McElroy, Western Addition Co-op Counsel; Peggy Hawkins, Marcus Garvey Square Association; Thomatra Scott, EOC and founder of Young Adults of San Francisco. Ms. McPherson noted that she herself was a Senior Appraiser for Great Western Savings and Loan.

Mr. Woods indicated that this board reflected the efforts to involve all the community elements in the organization. He hoped that they would be able to bring in other representatives as well. Mr. Woods stated that they wished to work with the Agency in achieving their common goal of getting development started in the Fillmore Center.

Mr. Woods indicated that a number of points in the proposed resolution were not acceptable to the FEDC and expressed his hope that these could be resolved. He believed that with the passage of Proposition 13, it became even more imperative to act as quickly as possible to develop the Fillmore Center. He also expressed the belief that by not previously applying, a considerable amount of funds had been lost. Mr. Woods commented on specific wording in the resolution indicating that he would like to have language included which confirmed that the Agency and the FEDC were joint partners. He also requested that FEDC be designated as the community development corporation to participate in the Economic Development Administration (EDA) of the Department of Commerce and the Small Business Administration (SBA) programs. He requested that language be added to the "Resolved" clauses. Mr. Hamilton concurred in the suggestion that the FEDC be reflected as a joint partner in certain aspects of the program, but noted that a disposition contract would have to be executed which would define precisely the relationship and roles of each. With regard to the inclusion of the EDA and SBA programs in FEDC's authorization, Mr. Hamilton indicated that this resolution was specifically to support the UDAG applications. He suggested that the language changes concerning EDA and SBA programs be considered at the time discussions are held on the disposition agreement.

Mr. Woods expressed concern about having the flexibility to move parcels and change land uses within the UDAG area. Mr. Hamilton indicated that the Agency would have to formally approve land use changes. He noted that the disposition agreement would define specific parcels for which the FEDC would act as developer. Mr. Woods indicated his understanding that once the UDAG application is approved the FEDC would meet with the Agency and agree upon the individual parcels and their uses and these would be set forth in the disposition agreement. Mr. Hamilton concurred. President Wexler inquired if the agreement would also define the relationship between the local development corporation and the Agency, and Mr. Hamilton answered affirmatively.

Mr. Owen O'Donnell, of the FEDC, came forward and expressed concern that

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the FEDC was not being designated as the local development corporation under the UDAG proposal. He believed that the FEDC should have the capacity to apply for monies from SBA and EDA as well, and requested that the designation incorporate a specific reference to FEDC's capacity with respect to these programs. Mr. Hamilton reiterated his belief that this was not an appropriate time to consider that aspect of the FEDC's participation, that the matter before the Commissioners only concerned the UDAG application. Mr. O'Donnell inquired if when the timing was appropriate FEDC would be designated specifically for the development of a specific parcel. He again expressed concern that the FEDC's authority did not extend to the EDA and SBA programs. He believed that the community needed to be able to utilize all programs. Mr. Hamilton indicated that FEDC needed to complete several legal matters before they were ready to undertake these programs. He referred to the articles of incorporation which he believed needed modification to permit the community development corporation to fulfill its duties. He also believed that it was critical for an urban design plan to be developed for the Fillmore Center. A consultant is to be selected by the Agency and WAPAC to undertake such a study which will provide the framework for development of the area.

President Wexler indicated his understanding that there were a number of issues yet to be resolved and that this designation was the first in several steps to achieving that objective. He stressed his belief that it would require a close working relationship between FEDC and the Agency staff and urged that they work together cooperatively.

In response to President Wexler's inquiry, Mr. Woods indicated that certain areas of expertise were important to participants in the local development corporation. These included real estate, financing, and legal and technical expertise particularly in dealing with State and Federal entities. He noted that representatives from the First Enterprise Bank and the Fillmore Savings & Loan were expected to join the FEDC board. Mr. Woods also noted that a person with accounting expertise would be useful to the group.

President Wexler expressed concern that he saw only one individual with real estate experience listed on the 17 board member roster. Mr. Woods indicated his belief that it was necessary to get community representation on the board as well as people with professional expertise. The first objective had been to get a representative cross section of the community and then they would attempt to involve necessary professional assistance.

President Wexler indicated his understanding that Mr. Woods was advocating a merger between community interests and persons with specific development expertise and technical skills to make the FEDC a viable organization. Mr. Woods concurred, noting that some of the participants such as Mrs. Essie Collins and Mr. Pettus were active in the business community and had a great deal of expertise in development.

In response to President Wexler's inquiry, Mr. Woods indicated he had contacted members of other organizations such as Mr. Paul Denning, President of WANA. He had also set up a meeting with Reverend Al Regis and anticipated that a representative from the Ministers Alliance would

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serve on the board. In response to President Wexler's inquiry about a labor representative, Mr. Woods indicated that a letter had been sent to the labor organizations.

At this time, Ms. Fannie McElroy indicated that she needed to leave for another meeting and requested and received permission to speak. She indicated that she had worked for the San Francisco School District for a number of years and was responsible for extensive Federal programs. She believed that she would also be able to provide development expertise for the board. She also expressed the belief that community people had a specific interest in the successful development which people residing outside the area could not achieve.

President Wexler thanked Ms. McElroy.

In response to Mr. Lee's inquiry, Mr. Pettus indicated that he had owned a barbershop at 1551 Geary Street for over 10 years. He noted that he had been designated by the Fillmore Merchants Association to represent that organization on the board. Mr. Lee inquired if there was a possibility of adding an additional business person to the Board and Mr. Woods indicated that Ms. Collins was also involved in business activities. Mr. Woods indicated that FEDC would have a total of 25 members on the board and that they had made an extensive effort to involve diverse groups. President Wexler observed that in addition to Mr. Pettus, Mr. Patterson, and Ms. Collins, there appeared to be other business persons on the board; however, Mr. Pettus appeared to be the only one currently located in the Fillmore area. Mr. O'Donnell added that business people on the board would be unable to receive profits from the development and this deterred some people from participating.

Mr. Wade Woods indicated that he wished to make another comment on the articles of incorporation. He noted that FEDC's attorney, Mr. George Colbert, had met with the Agency's legal staff and had amended page 11 of the bylaws to permit the corporation to engage in the construction of commercial facilities. He noted that Article IV, No. 11, has been changed in the articles of incorporation to permit such construction. This amendment has been filed with the State.

Mr. Bookout came forward and introduced himself as a representative of a student group from the Stanford Graduate School of Business. For the last nine months he had been involved in assisting the Business and Professional Improvement Association (BPIA).

Mr. Tom Gage reported that the BPIA was organized in 1972 to support a group of business people who had allegedly been discriminated against by the Agency and prevented from participating in developments in the A-2 program. He alleged that the Agency, at the insistence of the BPIA, had agreed to give that group of people a preference certificate for re-entry into the area. He noted that the BPIA had submitted a proposal to the Agency to participate as co-developers in the Fillmore Center. He indicated that there had not been a response to this proposal. President Wexler informed Mr. Gage that earlier in the year after a public hearing the UDAG application had been transmitted to the Mayor's Office for submittal to HUD.

NEW BUSINESS (continued)

He did not recall the BPIA appearing at that time to oppose this submittal. Mr. Gage indicated that he had been in touch with Emery Curtis who had advised him not to do anything until the Curtis report on the Fillmore Center had been submitted to the Redevelopment Agency. He had also maintained contact with WAPAC. President Wexler indicated that the Curtis report had been received in either December of 1977 or January of 1978. In response to President Wexler's inquiry, Mr. Gage indicated that he was present to ask for a hearing before the Commissioners selected a developer. President Wexler indicated that this had been previously accomplished in the submission of the UDAG application and it appeared Mr. Gage was requesting consideration as an individual developer. Mr. Gage stated his opposition to the lack of opportunity to participate in the proposal. The BPIA did not oppose the FEDC but wished to work with WAPAC and the Agency in the development of the Fillmore Center. President Wexler thanked Mr. Gage for his comments and Mr. Hamilton indicated that the Agency was aware of a long time interest on the part of BPIA and had advised Mr. Gage that the Agency was not soliciting development proposals for the development of the Fillmore Center. One unsolicited proposal had been submitted and he did not believe the UDAG application precluded individual participation in development of the area. However, staff recommends formulation of a marketing strategy before any proposal is considered. Mr. Hamilton also believed that the investment community needed to see development occurring in the area before they would participate in private development. In order to accomplish this, staff had recommended application for the UDAG funds.

President Wexler inquired if Mr. Bookout wished to complete his presentation, and Mr. Bookout responded that the Stanford students' efforts had been directed to reviewing documents concerning the rights of certificate holders. He indicated a basic agreement with the Curtis study but disagreed with one aspect of the report. The Curtis study proposed expenditure of public funds, but BPIA strongly urged that the development be accomplished with private funds and include the participation of certificate holders. He noted that he did not know if funds were available but believed the BPIA should be given an opportunity to determine this.

In response to President Wexler's inquiry, Mr. Hamilton reiterated staff recommendation for approval of the designation of the FEDC as a community developer. He endorsed the intention of the FEDC to expand their board to 25 members and noted that consideration of its eligibility for EDA and SBA programs would be brought before the Commissioners at a later date.

President Wexler observed that there were other people in the FEDC who had submitted speakers cards and inquired if this was necessary since he believed the Commissioners were ready to vote favorably on the recommendation. Discussion followed on the wording of the resolution with regard to designation of the corporation as developers for all the housing sites as well as the commercial office space. Mr. Hamilton stated that staff's recommendation to designate FEDC was only for the commercial office space.

MOTION: It was moved by Mr. Lee and seconded by Ms. Berk that Resolution

NEW BUSINESS (continued)

No. 128-78 designating the Fillmore Economic Development Corporation as the redeveloper of certain parcels in the vicinity of Fillmore and Eddy Streets included in the application for an Urban Development Action Grant for the Fillmore Commercial Area, in the Western Addition Approved Redevelopment Project Area A-2, be adopted.

President Wexler indicated his understanding that the motion pertained to the resolution as amended, and Mr. Lee and Ms. Berk answered affirmatively.

In response to Mr. Arnold Townsend's inquiry, Mr. Hamilton indicated that the resolution specifically designated the FEDC for participation in UDAG. The amendment provides that further action will occur with regard to SBA and EDA programs. Mr. Townsend expressed concern that the local development corporation would be disbanded if the UDAG proposal was not accepted. He urged that Commissioners provide other sources of funding for the FEDC. Mr. Hamilton responded to Mr. Townsend's concerns, noting that the development strategy involving EDA and SBA was not yet sufficiently defined to permit action and it was now essential to provide HUD with the information on the local development entity for the UDAG application.

In response to Mr. Glickman's inquiry, Mr. Borregard indicated that the resolution being considered by the Commissioners could either be amended to include specific authority for use of SBA and EDA funds or a separate resolution could be subsequently prepared.

Mrs. Rogers urged the Commissioners to consider inclusion of EDA and SBA in the authority for the FEDC. Mr. Woods indicated that the people present from the FEDC board were prepared to accept the language in the amended resolution and that they would be willing to work with the Agency's counsel to develop additional language. Mr. Borregard indicated that he would work with the FEDC.

ADOPTION: It was moved by Mr. Lee and seconded by Ms. Berk that the resolution be adopted, and on roll call the following voted "Aye":

Ms. Berk
Mr. Glickman
Mr. Lee
Mr. Wexler

the following voted "Nay":

None

and the following abstained:

None

The President declared that the motion carried.

- (b) Resolution No. 126-78 awarding Site Improvement Contract No. EDA-1 to Pacific Pavements Company Ltd., Western Addition Approved Redevelopment Project Area A-2.

NEW BUSINESS (continued)

This matter concerns award of a site for the John Swett Community Facility. Staff recommends award to the lowest of three bidders, Pacific Pavement Company, in the amount of \$100,000. Mr. Hamilton indicated that this contract had been previously bid and only one bid had been received which significantly exceeded staff estimates. At the recommendation of staff, this bid had been rejected on May 9 and the work rebid. Staff evaluated the bid documents and made some adjustments in the scope of the work, and the bid now received is within staff estimates. Therefore, it was recommended that the Commissioners award the contract.

ADOPTION: It was moved by Ms. Berk, seconded by Mr. Glickman, and unanimously carried that the resolution be adopted.

- (c) Consideration of authorization to negotiate an agreement with Woodward-Clyde, Inc. for geo-technical services for John Swett Community Facility building, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton noted that this matter also concerned the John Swett Community Facility and authorized negotiation with the firm of Woodward-Clyde for soils consultant services. He noted that this firm had worked with the School District on the site during the initial proposal to build a school with a community facility. Staff believes they are a qualified firm, and with the knowledge gained through this preliminary work would be the most suitable to perform the soils services.

MOTION: It was moved by Ms. Berk, seconded by Mr. Lee, and unanimously carried that staff be authorized to negotiate an agreement with Woodward-Clyde, Inc. for geo-technical services for John Swett Community Facility building, Western Addition Approved Redevelopment Project Area A-2.

- (e) Resolution No. 123-78 authorizing the Executive Director to execute deeds for conveyance of certain surplus parcels of land to the City and County of San Francisco; Yerba Buena Center Approved Redevelopment Project Area.

This would authorize the Executive Director to execute deeds on parcels previously conveyed to the Agency by the City. Subsequent redesign in the project has now made these properties surplus and they need to be redeeded to the City. Mr. Hamilton reported that the transfers are made without cost to either party and recommends that blanket authorization be granted rather than requiring an individual approval of each.

Mr. Quintin McMahon, Chief of Real Estate, indicated that as an example of the transfers involved it was necessary for the Agency to return to the City any rights the Agency had with regard to the subsurface area of Howard Street between Third and Fourth Streets. This area had initially been acquired to accommodate the plan for the Central Blocks and subsequent design made it no longer necessary. He indicated on a map areas that would be affected including subsurface property rights as well as air space.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

NEW BUSINESS (continued)

- (f) Resolution No. 125-78 approving the terms of the Fifth Amendatory Agreement between the Agency and Embarcadero Center, a partnership, and authorizing execution thereof, in connection with the Embarcadero-Lower Market Approved Redevelopment Project Area E-1.

This matter concerns authorization for the Executive Director to execute the Fifth Amendatory Agreement for land disposition for the Embarcadero Four in the Golden Gateway project. Mr. Hamilton indicated that the developer was required under the current disposition agreement to provide a "properly engineered site" for a theater in the development. It is proposed that this language be modified to provide for construction of a theater in Davis Street, assuming it can be vacated. Another alternative to this requirement would be a monetary payment to relieve the developer of the obligation. Other specific confirmations concern provision of sculpture and art work by the developer. The agreement presently requires that a mutually satisfactory sculpture garden be provided by the developer in addition to the one percent art requirement. Mr. Hamilton indicated that as a result of staff evaluation, it was established that the sculpture and works of art installed to date have exceeded the one percent requirement substantially and that staff recommends accepting this as satisfying the required sculpture garden. The present agreement also requires that "entertainment facilities" be provided in the buildings facing the Embarcadero Plaza. These facilities are to be designed for entertainment and related uses which are also satisfactory to the Agency. This requirement had originally been included to preclude the developer from placing structures with blank walls facing the plaza. The intent was to encourage uses which would open onto the plaza and encourage movement of people in the area. Staff believes the designs of the buildings and placement of restaurant facilities satisfy this requirement since they encourage the presence of people in the area. Mr. Hamilton recommended approval of the proposed amendment to the disposition agreement which the Agency counsel had worked out with the Embarcadero Center staff.

Mr. James Bronkema, Executive Director of Embarcadero Center, introduced other representatives of the Center. He introduced Mr. Peter Herman, the attorney representing David Rockefeller, and Herb Lempke, from Atlanta, representing John Portman. Mr. Bronkema indicated that the preliminary plans had been approved by staff. He noted that the Commissioners had been provided with illustrative material and specific information on the building, and referred to the height of the building, noting that they were pleased to announce that it would be reduced by 25 percent from 60 stories to 45 stories. Mr. Borregard indicated that there are three specific items in the disposition agreement that the developer felt had been or could be met in other ways and wished to have the language modified to reflect these changes. The first of these concerned the sculpture garden. He indicated that the language in the disposition agreement called for, "Improvements to be constructed by the redeveloper shall include, one, a sculpture garden and exterior works of art mutually satisfactory to the redeveloper and the Agency of a value of not less than one percent of the cost of construction of all improvements."

Mr. Bronkema reported that each of the buildings had a major pool, fountain and sculpture which he believed satisfied the requirement for provision of

NEW BUSINESS (continued)

a sculpture garden. He also indicated that Embarcadero Center had to date placed \$2,006,000 worth of art works which constituted 1.62 percent of the construction contracts. In addition, they had provided \$705,000 in landscaping which he felt could be construed as being related to the art requirement. The plans for additional art work in Building Four were also to be comparable to that in the other buildings. Mr. Bronkema reiterated his belief that this satisfied the art requirements of the disposition agreement.

The second requirement related to the Master Plan for the development and provided that there be entertainment facilities adjacent to the Embarcadero Plaza. An earlier plan had structures which could have allowed solid masonry walls to be constructed facing the plaza. He noted that Embarcadero Center had altered these plans to provide areas for public use with retail and restaurant facilities designed to attract people into the area. He noted that he had provided the staff with a list of tenants which identified the uses that were considered for the entertainment facilities. Mr. Bronkema also believed that construction of the theater in Davis Street would enhance the entertainment aspect of the Center. It is proposed to provide a repertory theater with from 500 to 750 seats for the use of the public or non-profit entity to be designated by the Agency. Mr. Bronkema indicated that the proposal would include a provision that Embarcadero Center would operate the theater under agreement with the City and Agency and deliver entertainment throughout the week. Mr. Bronkema noted that they had compiled a list of approximately 100 activities held during the last year in Embarcadero Center. These activities ranged from performances by the San Francisco Symphony to a banana eating contest, and he believed that the proposed theater would provide a desirable forum for entertainment which is not presently being served. Mr. Bronkema indicated that Peter Herman was also the attorney for Lincoln Center in New York City which had successfully provided a similar repertory theater for entertainers in New York, and Mr. Bronkema indicated that Embarcadero Four was designed to complete the master plan of the development and would be constructed with the same quality as the other three Center buildings. He requested the Commissioners' approval of the amendment to the agreement.

In response to President Wexler's inquiry, Mr. Bronkema noted that he was not requesting Commissioners' approval of the preliminary plans for the building but that they had been submitted as required by the disposition agreement. He stressed that during the last ten years the Embarcadero Center developer had met its commitments.

Mr. Glickman expressed the belief that the Embarcadero Center was one of the most exciting commercial spaces he had seen. He also expressed approval of the concept of an outdoor theater but expressed concern about the economics of this theater as opposed to the requirement in the disposition agreement that an "engineered site" be provided. He commented that if the developer did not provide an "engineered site" they would be able to develop the space for commercial uses which would have a substantial value. Mr. Glickman asked for a definition of the term, "engineered site," and Mr. Bronkema noted that the disposition agreement did not address this matter nor provide a description of it. He recalled an earlier discussion with President Wexler when it had been suggested that in the absence

NEW BUSINESS (continued)

of a specific designation they would assume for economic comparisons the "engineered site" would be part of Building Four even though the agreement does not require that. Mr. Bronkema indicated that they assumed that an area in the building between five and ten thousand square feet would be used and a site or slab for the theater be provided with the understanding that the actual theater would be built by other parties. Mr. Bronkema stressed that these assumptions were in no way defined in the agreement. The economic comparisons between provision of a theater and the "engineered site" are based on the assumption that the engineered site would use five to ten thousand square feet. In response to Mr. Glickman's inquiry, Mr. Bronkema indicated that a net rental of \$10 per square foot had been used to determine the income the Center could expect to derive from the area.

In response to Mr. Glickman's question, Mr. Lewis Arnold, Development Director, defined an "engineered site" as a pad with good access and egress which would be incorporated in the design of the building. Mr. Arnold indicated to have analyzed the proposals and believed that it would be realistic to use approximately 15 square feet per seat as the space requirement. This would require an area of approximately 7,500 square feet for a 500-seat theater, and 11,250 square feet for a 750-seat theater. He believed that this was the range that should be evaluated. Mr. Arnold agreed with the \$10 per square foot figure. Mr. Glickman inquired if Mr. Arnold believed an engineered site constituted more than a slab such as provision of utilities or matters of that nature. Mr. Bronkema expressed the belief that these facilities would be brought to the boundary of the site. In response to Mr. Glickman's inquiries, Messrs. Hamilton and Borregard indicated that they had not previously had experience with the term, "engineered site." Mr. Glickman asked if Mr. Bronkema believed providing a site of 5,000 square feet would relieve the developer of the obligation of constructing an "engineered site." Mr. Bronkema responded by presenting figures which supported the amount of revenue the developer would forego. Mr. Glickman asked if the "engineered site" had been included in the design and Mr. Bronkema answered negatively, noting that it would have to be located in an area acceptable to the Agency.

Mr. Glickman expressed his concern with the lack of definition for the term "engineered site" and how it would be valued. Mr. Bronkema indicated that they had considered alternatives for the site which included placement of it in the plaza or under the freeway ramps. The site on which he had based his cost estimates was in the building and was the most expensive of the concepts considered.

In response to Mr. Glickman's inquiry, Mr. Arnold indicated that the developer could expect to receive \$17 per square foot in gross rent. Mr. Arnold noted that, by multiplying the 7,500 square feet times income, a return of \$127,000 would be produced. Mr. Arnold indicated that this was to be divided by a return of 8.41 percent to capitalize the investment which would result in a cash flow of \$195,000. He had rounded this figure to \$200,000; therefore, for a 750-seat theater requiring 11,250 square feet he added a 50 percent factor and came up with the value of \$300,000. He indicated that this was one method that could be utilized

NEW BUSINESS (continued)

to evaluate the value of the theater site. In response to Mr. Glickman's inquiry, Mr. Bronkema indicated that realistically this was the size theater suited to maintain the atmosphere of the public areas of the development. He noted that preliminarily the cost had been estimated at \$550,000 which would include rerouting utility lines in the street. He noted that this was a significant factor and that four to five years earlier they had investigated the relocation of the utilities and the cost had exceeded \$500,000 at that time. Mr. Bronkema indicated that it was not necessarily anticipated that the same amount of work would have to be done to vacate the street and build the theater. He stressed that the theater would be subject to the Commissioners' consideration and approval and reiterated that he did not believe its cost could be less than \$550,000 including the cost of utility relocation. Mr. Glickman noted that the developer would maintain the theater after it was constructed and Mr. Bronkema confirmed this understanding but noted that the proposal was still in a preliminary and conceptual phase. The intention was to build a facility which would not require extensive maintenance. He reiterated that the developer would provide both maintenance and security for the facility. Discussion followed on the types of programs that might be featured in the theater, and Mr. Bronkema indicated that an attempt would be made to involve the kinds of programs that would be complimentary to the Embarcadero Center and people who rent space in the area.

Mr. Glickman expressed concern about giving the developer the authority to determine the use of the facilities and suggested that a joint control be worked out which involved the City, Agency and Embarcadero Center. Mr. Herman concurred in Mr. Glickman's suggestion. Mr. Herman also believed that the Agency was not being asked to make such definitive decisions at this time but only requested a modification of the existing agreement which required provision of an "engineered site." He also concurred with Mr. Glickman's comments on the difficulty of the task and the need for each of the entities involved to fully cooperate to make the project feasible. Mr. Glickman indicated that this statement appeared to differ from Mr. Bronkema's belief that Embarcadero Center would control the entertainment in the facility and asked for clarification. Mr. Herman stated that the Embarcadero Center in its negotiations with the Agency will resolve this issue. Mr. Bronkema concurred. Mr. Herman indicated, however, that the developer would maintain his position that they would want to have some role in determining the uses of the facility. Mr. Borregard commented that the proposed Fifth Amendatory Agreement before the Commissioners for consideration did not include matters pertaining to the operation, management and maintenance of the theater, and he believed that the Commissioners' concerns could be incorporated in a document subsequently controlling these matters. In his opinion, the amendment provided the Agency with the ability to negotiate this matter. Mr. Bronkema commented that Embarcadero Center had established a record for providing public service programs and believed that it was good business to continue to contribute to the community in this way. President Wexler indicated that the management of the Embarcadero Center and the activities in the Center were an asset to the city. However, since no one could be guaranteed a specific tenure in their position, it would be necessary to define such matters in a mutual agreement. He inquired about the result of not

NEW BUSINESS (continued)

being able to put a theater in Davis Street and asked if then a donation of \$300,000 was to be made towards a theater in the project area or how Embarcadero Center proposed to satisfy this requirement. Mr. Bronkema indicated that it was proposed to fulfill the obligation through a \$300,000 commitment if the theater could not be built in Davis Street. However, if a site could be located close to the facilities it would still be in the interests of the Embarcadero Center to operate the facility. President Wexler indicated his understanding that the first option would be to have Embarcadero Center construct the facility, but if this was not possible, it appeared the Commissioners could either receive a cash payment of \$300,000 or accept construction of the facility in some other location. Mr. Bronkema indicated he had had preliminary conversations with City officials including Mayor George Moscone, Roger Boas, Chief Administrative Officer, and various department heads including the head of Muni. In addition, he had reviewed the concept with Mr. Rai Okamoto, of the Planning Department. Each had expressed approval of the proposal.

President Wexler and Mr. Glickman indicated that they favored the proposal but wanted to fulfill their responsibility to the public in considering the alternate to the disposition agreement.

President Wexler requested clarification of the art requirements for Embarcadero Four. He observed that the provision of art works in the other buildings had exceeded the one percent requirement and asked about the percentage to be provided for Embarcadero Four. Mr. Bronkema confirmed that the other buildings exceeded the art requirement by over half a percent and that they planned to provide an additional one percent for Embarcadero Four. He stressed that the developer believed the art requirement was an essential factor which enhanced the development. President Wexler indicated that he was appreciative of the building's height being lowered from 60 to 45 stories. He noted, however, that if the Commissioners had considered the development as a new disposition agreement they would probably require something lower than 45 stories. He stressed his belief that the Commissioners did not have either the legal or moral authority at this time to require anything more than the developer's voluntary reduction of the building to 45 stories. He requested Mr. Borregard to consider including a provision in the Fifth Amendatory Agreement which confirms that Embarcadero Center will not exceed 45 stories. Mr. Borregard indicated that this provision could be included either in the Fifth Amendatory or in the adopting resolution. Mr. Herman commented that the disposition agreement does not concern such matters as building height, although the developer was willing to be committed to not constructing a building in excess of 45 stories. He suggested that a separate resolution be prepared which would direct staff not to approve plans for a building in excess of 45 stories. He noted that the question of design is traditionally resolved between the staff and the developer. He noted that the preliminary plans that had been submitted were for a 45 story height limitation. President Wexler indicated that this agreement still permitted the developer to build a 60-story building. He expressed concern that if the developer subsequently wished to build a higher building, there is nothing to preclude him from doing so. Mr. Hamilton suggested that the developer could send the Agency a separate letter which indicated that the developer agreed not to exceed 45 stories for

NEW BUSINESS (continued)

Embarcadero Four. Mr. Borregard concurred and suggested that even though the Fifth Amendatory could be authorized for execution, it would not be signed until the letter had been executed by both parties. Mr. Bronkema indicated his concurrence in this suggestion.

Mr. Lee inquired if the developer was required to have Art Commission approval of the art work included in the development. Mr. Bronkema indicated that the Agency staff had authority to approve all items except bridges and other matters involving the public right of way.

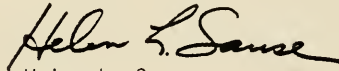
Ms. Berk expressed concern about the theater and the uses that might be featured there. She inquired if the Davis Street location did not prove feasible whether there was a suitable site nearby and asked if the developer then proposed giving the Agency money to develop other facilities. Mr. Bronkema indicated that they had several concepts in mind and that they would be working with staff on determining the feasibility of these and would be back to inform the Commissioners of the proposals. Mr. Lee commented that the memoranda prepared by Mr. Arnold had been extremely helpful to him in analyzing the value of the theater.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

ADJOURNMENT

It was moved by Ms. Berk, seconded by Mr. Glickman, and unanimously carried that the meeting be adjourned. The meeting adjourned at 9:51 p.m.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Helen L. Sause". The signature is fluid and cursive, with the first name "Helen" being more prominent.

Helen L. Sause
Secretary

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2/78

MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
20TH DAY OF JUNE, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 20th day of June, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Melvin D. Lee
Dr. Hannibal A. Williams

JUL 11 1978

and the following were absent:

DOCUMENTS DEPT.
S.F. PUBLIC LIBRARY

Dian Blomquist
Rubin Glickman

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Arnold Townsend and Mary Rogers, Western Addition Project Area Committee (WAPAC); Chuck Turner, Design Center; John Wouldridge, Hunters Point Project; Art Tapia, taxpayer; Grant P. Tomiyoka, Toni Morozumi, June Hibino, Pete Healy, Stuart Lee, Patti Yano, Martin Loring, Joanne Sakai, George and Danny Morishigi, Citizens Against Nihonmachi Evictions (CANE); Albert Williams, Ledell Howard, Thomas J. Sinn, Larry Murray, Mitchell Bird, Burl Wilkinson, Laborers Union No. 261; Kenneth Wheeler, Police Community Relations; Ronnie Schwartz, KPFA.

APPROVAL OF MINUTES

President Wexler indicated that the Minutes of May 16 were being held for further revision. It was moved by Mr. Lee, seconded by Ms. Shelley, and unanimously carried that the Minutes of the Regular Meeting of May 23, 1978, as distributed by mail to the Commissioners, be approved.

SPECIAL APPEARANCES

- (a) Request by Coalition Against Nihonmachi Evictions (CANE) to comment on 1531 Sutter Street, Western Addition A-2.

In response to President Wexler's request that the spokespersons for CANE to make their presentation, Mr. Danny Morishigi came forward and read a prepared statement in which he denounced the Agency's lack of

SPECIAL APPEARANCES (continued)

concern for the Japanese community. He specifically expressed concern about the issuance of the 90-day notices to the tenants of 1531 Sutter Street which he believed had been issued three times in the last year and a half. He believed that the tenants had the right to remain in their homes in the Japanese community. He alleged that they have been constantly harassed by the Agency to move. He indicated his belief that the Agency has no alternative plans for the building and the tenants should be allowed to remain. Mr. Morishigi proposed that special consideration be given to rehabilitation of 1529 Sutter Street before 1531 Sutter Street and use it as temporary housing so that no evictions would be necessary. He claimed that the Agency has more concern for developers than it does for the tenants. People should have the right to choose where they want to live and such dispersal of the Japanese community makes it difficult to maintain the cultural, social and economic lives of the community. On behalf of CANE he urged that there be no evictions, harassment of tenants, and rehabilitation of 1529 Sutter for the tenants of 1531 Sutter to use as temporary housing.

At the conclusion President Wexler inquired if there were speakers other than CANE's main spokesperson who had other points to make so that the Commissioners could consider all the issues at one time. He inquired particularly if there were any tenants present. There was a negative response from the CANE representatives in the audience. President Wexler then asked Mr. Hamilton for staff's response to CANE's statement.

Mr. Hamilton indicated that this building is under a court order which places certain obligations on the Agency. The 90-day notices were sent out only after protracted negotiations with the tenants to try and provide a means of purchase and renovation of the building. Mr. Hamilton had met with the tenants himself. The Housing Authority has now expressed an interest in acquiring the buildings for rental to persons of low income who are eligible for public housing assistance. The Housing Authority had not expressed such interest earlier when requested by CANE to consider the possibility. The Agency is preparing cost estimates which would be completed in two to three weeks and it is anticipated that in mid-July, staff could present the alternatives to the Commissioners for a decision which may involve designation of the Housing Authority as a purchaser after rehabilitation of the buildings at 1531 and 1529 Sutter Street. The Agency does not intend to issue the 30-day notices at this time which normally would follow the 90-day notices. In order to schedule the rehabilitation work, it will be necessary to have access to the buildings and the rehabilitation for the Housing Authority may preclude allowing the tenants to move from one building to the other as the work proceeds. He stressed his belief that the Agency is concerned about low-income people and each of the tenants will be reviewed for eligibility for this housing. If acquisition of the buildings by the Housing Authority is approved by the Commission, it is anticipated that the buildings will have to be vacated to permit rehabilitation.

SPECIAL APPEARANCES (continued)

Mr. Moroshigi again alleged that the tenants had suffered during the past year and a half and noted that as an example of the Agency's lack of concern, there have been no discussions of the proposed Housing Authority purchase with the tenants or with CANE. President Wexler indicated that it was his understanding that there had been communications with the tenants. Mr. Gene Suttle, Area Director, Western Addition Area A-2, came forward and confirmed that there had been discussions and meetings in regard to housing referrals but that the Agency had not communicated with the tenants on the tentative plan to sell the buildings to the Housing Authority. President Wexler inquired if there were certain key requirements from tenants to become eligible for subsidized housing, and Mr. Suttle replied that eligibility was based on income and this information had been requested but not yet received.

President Wexler suggested that CANE could be instrumental in getting these qualifying statements from the tenants to support their eligibility for low-income housing in the area. One of the CANE representatives indicated that he believed the people had a right to stay where they now were and expressed the belief that additional low-income housing was not needed in the Nihonmachi.

President Wexler explained that the Agency, unlike the Housing Authority, is unable to remain as a landlord on a permanent basis. He noted that the Commissioners have a policy of making housing available to low-income persons whenever possible. He indicated that it appeared an opportunity to further this objective may be achieved if both 1529 and 1531 Sutter can be rehabilitated and purchased by the Housing Authority which would then maintain them for low-income residents. The Commissioners would require appropriate financial information from the tenants so that they could determine whether or not they qualify for such low-income housing. He suggested that CANE be of service in this area and the Commission would appreciate the assistance. There is no legal right for persons to remain without a vested property interest in those buildings, and the Agency cannot continue to own these buildings for an indefinite time because the law does not permit it.

Mr. Morishigi expressed the belief that the Agency has an obligation to the present tenants and could negotiate with the Housing Authority in the interest of the tenants. He urged that the tenants not be evicted and requested withdrawal of the 90-day eviction notices. President Wexler indicated that the 90-day notices could apply for as long as one year and that no evictions could be effected without 30-day notices. He noted that Mr. Hamilton had just indicated that there are no imminent plans for the issuance of these 30-day notices. President Wexler inquired if his understanding about the 90-day notices was correct and Agency General Counsel, Leo E. Borregard, answered affirmatively. Mr. Hamilton indicated that the Agency had received the expression of interest from the Housing Authority four days ago and this has not been fully explored. He noted, however, that this proposal is not an idea which is new either to the Agency or to CANE since CANE had requested the Housing Authority

SPECIAL APPEARANCES (continued)

to purchase the buildings previously. President Wexler suggested that CANE discuss this matter further with staff. In response to President Wexler's inquiry, Mrs. Mary Rogers, Chairperson of WAPAC, indicated that CANE had not contacted WAPAC. President Wexler suggested that CANE representatives also meet with WAPAC to resolve the matter.

Mr. Martin Loring indicated it was not the intention of CANE to consider the poor people enemies of the Japanese community. President Wexler inquired whether Mr. Loring considered it fair to preserve a building which might be used for low-income housing for a person earning \$25,000 a year. Mr. Morishigi expressed the belief that the cultural, social and economic life of the Japanese community was endangered. President Wexler inquired if the majority of the people in the two buildings were low-income. Mr. Morishigi asked President Wexler to define "low income", and he indicated that he was referring to low-income as defined by HUD regulations.

President Wexler recommended CANE pursue this matter further with WAPAC and Agency staff. He noted that the Agency would look forward to working with CANE on an equitable solution. In response to Mr. Morishigi's inquiry, President Wexler indicated that staff was directed to pursue the rehabilitation of the buildings to provide additional low-income housing for the community.

Joanne Sakai indicated her support for the CANE representatives. Ms. Sakai alleged that the Agency had cast itself in the same role as the War Relocation Authority had done in 1942 when the Japanese community was transported to concentration camps. She believed that the issue in the Nihonmachi was not whether two buildings were to be rehabilitated but that there is no alternative housing. Mr. Morishigi indicated that CANE would be monitoring the situation and President Wexler expressed the hope that they would participate more constructively and assist in achieving this low-income housing program.

President Wexler thanked the speakers for their comments and the CANE deputation left the meeting, chanting "No evictions -- meet the tenants' demands".

- (b) Request of Laborers Local No. 261 to present demands for negotiations of Laborer Wage and Fringe Benefits.

Mr. Hamilton outlined a brief chronology of events over the past few years concerning the dispute with Local 261 which arose out of the Agency's change in wages and fringe benefits to conform with City practice resulting from passage of Proposition B. This proposition moved crafts and laborers to the miscellaneous employee category and changed the methods of determining salaries from comparables in private industry to those in public employment. The arbitration was heard by Mr. Joseph Grodin and he suggested the Agency and Local 261 negotiate a settlement.

SPECIAL APPEARANCES (continued)

The Agency proposed settlement in accordance with the Commissioners' direction with the condition that employees with the Agency during June 1, 1976 to June 15, 1977 have their benefits repaid as specified in the Master Agreement and continued in the future. There would be no repayment of wages or other benefits, and employees hired after June 15, 1977 would be paid comparable wages and fringe benefits. Mr. Hamilton noted that the Union had rejected this offer and Mr. Grodin, in his award, directed staff to repay back wages and fringe benefits. Local 261 now wishes to submit its demands for a new agreement with the Agency.

Mr. Burl Wilkinson, Laborers Local 261 official, came forward and apologized to the Commissioners for requesting an appearance at the previous meeting and then being unable to be present. He thanked them for calendaring the appearance at this meeting. Mr. Wilkinson indicated that Local 261 would like to meet with representatives from the Agency who had the authority to negotiate wage increases and fringe benefits. The Local is requesting that the Commissioners consider reinstating the fringe benefit structure as is outlined in the Laborers' Master Agreement. He noted that there are 23 laborers involved. He indicated that prior to being employed by the Agency these laborers were employed in the construction industry and they had built up an interest in the Laborers' Union Pension Fund. When they were hired by the Agency, they were still covered by the Master Agreement and the Agency made contributions to the Union benefit fund as set forth in the Agreement. When the Agency was forced to assume comparability with the City, this vested interest in the pension plans was taken away. These laborers were not like the laborer employed by the City who never had an interest in the pension fund. Mr. Wilkinson indicated that some of them had as many as ten to fifteen years in pension credits. The Local would like to negotiate to restore these fringe benefits so that they will be eligible for Union pension benefits.

President Wexler thanked Mr. Wilkinson and asked Mr. Hamilton if he wished to comment.

Mr. Hamilton indicated that Mr. Wilkinson's request expressly addressed one of the elements of the arbitration settlement. Prior to the arbitration award the Agency had offered to restore pension, health and welfare benefits for these 23 workers employed prior to the change in City payment practice. Mr. Wilkinson agreed with Mr. Hamilton, but noted that to do so they would have had to give up any retroactive pay that they might have been awarded.

President Wexler recalled that the Union and the Agency were given a preview of the arbitrator's decision and that the Agency had evaluated what this decision could be anticipated to cost in restoration of either back wages or fringe benefits. He noted that the restoration of fringe benefits had been recommended even though it was more costly than payment of back wages. The Union had elected to reject this offer. Mr. Hamilton confirmed this understanding and asked Mr. Wilkinson why it is now appropriate to request reinstatement of these benefits. Mr. Wilkinson replied that the Local considered the arbitration as a separate issue. They

SPECIAL APPEARANCES (continued)

believed the Agency had wronged the men by changing the Agreement to follow City practice and, as a result of that, they had to go to arbitration and the arbitrator upheld the Local view that the Agency was at fault. As far as acceptance of back wages and vacation pay rather than reinstatement of benefits, the men felt they were entitled to this money and it should not be necessary to buy back their benefits. Mr. Wilkinson contended that the City employees are in a different situation because the City employees have always been in the public employees' pension plan and have no vested interest in another plan. The laborers working for the Agency are making \$7.56 per hour, out of which they have to contribute \$0.50 for vacation and another \$0.25 medical coverage for themselves and their families which reduces their wages \$1.75. Their wages are considerably less than what they would receive under the Laborers' Master Agreement.

Ms. Shelley indicated that it was her recollection of the consideration of the arbitration that staff was directed to offer the "grandfathering" of the 23 employees under the old pension plan. In the sequence of events, there was an arbitration award that restored some back wages, but she believed that there was some reason for the 23 men to believe they could look forward to certain additional benefits. That concept is still there and the payment of back wages was not something that had been agreed to as a trade-off. Ms. Shelley did not believe the Agency meeting provided a forum to carry out negotiations and suggested that the Union representatives present their demands to appropriate staff. She indicated that the Union had a point that should be discussed and staff should be directed to pursue this with the representatives of the laborers.

Mr. Hamilton noted that the three elements in the Agency settlement proposal prior to the arbitration rule recommended only restoration of Union pensions, health and welfare benefits per the Master Agreement to those employees hired before June 1976 and excluded payment of back wages. The offer also provided that employees hired after June 15, 1977 would be paid comparable City wages and would be unaffected by the settlement. Ms. Shelley indicated that the arbitrator had made a decision reinstating back pay and therefore this presented the Agency with a new set of circumstances and she believed it was necessary to discuss the reinstatement of certain fringe benefits.

President Wexler indicated there was a need to pursue the matter in executive session after determination of the Union's demands and at that time appropriate instructions would be given to staff. He believed it is now a question of whether the Agency could go back and negotiate in regard to the pensions that the arbitrator did not award. On the matter of increases in salaries, he inquired if the Commissioners passed the resolution calendared which would freeze staff salaries, whether there would be any flexibility on the Agency's part to negotiate wages for the laborers. Mr. Wilkinson responded that the Agency's authorization to negotiate for a change in wages would supersede actions to be taken on the salary resolution.

President Wexler thanked Mr. Wilkinson for his presentation and when definitive Union demands were received, the matter would be discussed in executive session.

SPECIAL APPEARANCES (continued)

- (c) Public hearing to hear all persons interested in the matter of approving the disposition and conveyance of the southwest corner of Webster Street and Golden Gate Avenue (Parcel 733-B); Western Addition Approved Redevelopment Project Area A-2

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed disposition and conveyance of the southwest corner of Webster Street and Golden Gate Avenue (Parcel 733-B); Western Addition Approved Redevelopment Project Area A-2. There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.

- (d) Presentation of Promenade in Northeastern Waterfront.

Mr. Thomas Conrad came forward and said that Mr. David Burness, the architect for the project, was requested to arrive at 5:30 p.m. and as it was not yet that time, requested that the Commissioners defer the item.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matter:

Mr. Hamilton had attended the Joint Housing Committee meeting held last night in the Neighborhood Facilities Building at Hunters Point. This was in response to a concern expressed by Mr. Claude Carpenter, Chairman of the Joint Housing Committee, involving Agency employees participating in community affairs. The full board of the JHC was there, along with a number of people from the community and from the Coordinating Council. After three hours' discussion, the Board of Directors of Bayview North/Hunters Point, individually and collectively, indicated they were not aware of the content of a letter received by the Agency and, by a vote of 8 to 3, rescinded the letter submitted by Mr. Carpenter complaining about such staff participation. The Agency will be advised of this action in writing very shortly.

REPORT OF THE PRESIDENT

President Wexler commented on the passage of Proposition 13. He noted that the Redevelopment Agency was currently exploring possibilities whereby the Agency may be able to provide within redevelopment areas some additional means of assisting the City in its time of economic crisis. The Commissioners anticipate having some recommendations from staff on this in the very near future. At the same time, there is an item for consideration (9e) which is reflective of the action already taken by the Board of Supervisors in freezing the salaries of City employees. This action is based on the Agency's policy

REPORT OF THE PRESIDENT (continued)

for the last two years of treating Agency salaries in a comparable way with City salaries. This matter will be discussed by the Commission today. He also expressed the hope that the Commissioners would have some recommendations and decisions to bring back in regard to other ways to be of assistance to the City.

NEW BUSINESS

- (a) Resolution No. 136-78 Rescinding Resolution No. 47-78 adopted March 7, 1978, authorizing Executive Director to execute an agreement for disposition and other conveyance documents in connection with the sale of the southwest corner of Webster Street and Golden Gate Avenue (Parcel 773-B) to Fellowship Manor of Bethel A.M.E. Church; Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that at the original public hearing and disposition, authorization for this parcel was acted on by the Commissioners on March 7, 1978. However, it was discovered that publication of the public hearing had not been done by the newspaper and therefore it is necessary to repeat the action. This 21,545 square foot parcel is ready to close and construction will start immediately on the 106 units for elderly housing sponsored by Bethel A.M.C. Church. Disposition price is \$50,000. President Wexler asked the WAPAC representatives present if this action had WAPAC support, and Mrs. Rogers and Arnold Townsend answered affirmatively. President Wexler commended the Bethel A.M.E. Church congregation for their bringing the project to this stage.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (b) Resolution No. 137-78 Authorizing the Executive Director to execute a contract for rental of reproduction equipment for the Western Addition Project Area Committee (WAPAC); Western Addition Approved Redevelopment Project Area A-2.

This action authorizes a six-month contract with Pacific Mountain Corporation, a minority business, for a copier machine for the WAPAC office for a minimum monthly rental cost of \$280.00 plus copy costs of \$.025. This machine, a "Royal Bond" copier, has features needed by WAPAC and costs the same monthly as the Xerox 2400 they presently use.

ADOPTION: It was moved by Ms. Berk, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

- (c) Resolution No. 138-78 Authorizing payment of \$10,549.75 to Pettit & Martin for legal services in connection with the Western Addition Approved Redevelopment Project Area A-2.

This item authorizes payment of \$10,549 for legal services performed by Pettit & Martin in the Gage vs. San Francisco Redevelopment Agency litigation. This firm was initially authorized by the Commission to

NEW BUSINESS (continued)

defend the Agency and was subsequently disqualified because of allegations plaintiff had discussions in 1973 with a member of the firm. Their services were rendered in accordance with rates in the authorized but unexecuted contract.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

- (d) Resolution No. 139-78 authorizing extension of time for submission of evidence of equity capital and mortgage financing as set forth in certain disposition agreements concerning the sale of Phase I, single family residential parcels; Hunters Point Approved Redevelopment Project Area.

This matter authorizes a time extension for the five redevelopers of 72 units of market-rate housing in Hunters Point. It will extend the time for submission of evidence of equity capital and mortgage financing from June 15, 1978 to September 15, 1978. Certain actions need to occur before the financing under SB 99 can be made available to the developers. Counsel is providing bond resolutions and expects to complete these actions early in July. It is anticipated that the extension of 90 days would provide sufficient time to finalize this financing. Staff believes these developers are proceeding in good faith.

President Wexler asked if there were any comments from the Joint Housing Committee (JHC). Mr. James Wilson, Area Director, Hunters Point/India Basin, came forward and indicated that there were no members of the JHC present. JHC had been advised of the resolution, and they had no objection to the extension.

ADOPTION: It was moved by Ms. Shelley, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

- (e) Resolution No. 135-78 rescinding Resolution No. 124-78, adopted June 6, 1978, reinstating and amending Resolution No. 221-77, adopted November 1, 1977, establishing classifications and compensation schedules for Agency staff.

Mr. Hamilton advised the Commissioners that with some regret he recommended rescission of the annual salary increases for staff adopted June 6, 1978 for the period of July 1, 1978 through June 30, 1979. This action would also reinstate and amend the current Salary Resolution No. 221-77, to provide for deletion of three classifications; creation of three classifications; retitle six classifications with no salary increase; change and increase two classes; and change in the comparability for the unfilled Controller position. Mr. Hamilton indicated that should the City reinstate salaries for its employees, staff would recommend a comparable action.

Ms. Shirley Wysinger, President, Local 400, came forward and indicated that Local 400 had met with the Agency staff and is currently working with Mr. Hamilton to serve the employees' best interests. She stressed that should the City reverse the actions taken under the Emergency

NEW BUSINESS (continued)

Proclamation, the Union will recommend immediate restoration of salary increases. She also stressed that the Union is not happy with this action and believes employees are being unjustly treated to receive less than an equitable salary for performing the same duties.

Dr. Williams commended Ms. Wysinger for her reasonable position, but noted that he came prepared to vote for the resolution but realized he could not vote to take dollars from the workers as he did not feel that the secretaries and clerks who would be primarily benefited by the increase were sufficiently paid.

Ms. Shelley indicated that she also had ambiguous feelings about the matter because of the Agency's policy of conforming to City policy. She did not believe the rescission of City employees' salaries was an appropriate action to implement Proposition 13. She also stressed her belief that sharing the suffering of City employees did not appear to serve any beneficial purpose in the City's efforts to increase its financial resources. However, she understood the desirability of remaining comparable with City salaries. She indicated her realization that these were exceptional times but believed nothing has happened that necessitated a freeze on Agency salaries at this point. She could not support a salary freeze.

Mr. William Bradley, Local 400 representative, came forward and indicated that he did not endorse the position of Ms. Wysinger on this resolution because he felt that the freeze required lower-paid employees to bear the brunt of Proposition 13. He noted that Proposition 13 was defeated in San Francisco and the people did not want the services cut nor employees' wages reduced. He requested the Commissioners not to follow the policy established by the Mayor and Supervisors which burdened the lower-paid staff. He stressed that the cost of living continues to increase. He also noted that the Board of Supervisors voted to fund the employees of the Police Department, Muni Railway and the Fire Department up to 99 percent of their expected salary levels. He urged that since the Agency's funds are not generated from tax revenues, there is no reason to take this action. He urged that the Commissioners reject this resolution and that the Agency employees be granted their respective pay raises.

President Wexler indicated that he would vote to approve the resolution because the Commission had established the policy of being comparable with the City on wages. He thought that this was an important policy and that it went a long way to safeguarding the role of the Agency in the City. He believed if the Agency did not conform to the City's action, such a reduction would be imposed when the City reviews the Agency's budget in the fall. He was reluctant to approve this resolution but hoped that it would be a temporary measure until the City is able to evaluate the effect of Proposition 13 and he was hopeful that before long the City would be in a position to retroactively increase its employees' salaries. He also indicated that nothing in this resolution or the policy of the Board of Supervisors provides for any reduction in the amount of work time.

NEW BUSINESS (continued)

Dr. Williams indicated that he understood that the purpose of Proposition 13 and the will of the people was to reduce government spending and he did not believe that clerks and secretaries were paid excessively.

ADOPTION: It was moved by Ms. Berk, seconded by Mr. Lee that this resolution be adopted, and on roll call the following voted "Aye":

Mr. Lee
Ms. Berk
Mr. Wexler

and the following voted "Nay":

Dr. Williams
Ms. Shelley

and the following abstained:

None

The President thereupon declared that the motion carried.

3. (d) Presentation of Promenade in Northeastern Waterfront.

Mr. Conrad came forward and indicated that Mr. David Burness had arrived as scheduled and introduced Mr. Burness, Architect from the Port Commission, to the Commissioners. Mr. Conrad indicated that the presentation concerned the promenade to be included in the Northeastern Waterfront area. It is proposed for the area between Pier 24 on the south and the Agriculture Building to the north. There are eight piers included which are in varying stages of disrepair.

Mr. Burness indicated that this matter was the subject of a \$5 million application by the City to the Economic Development Administration for Public Works to remove the piers and construct a promenade. Mr. Burness illustrated his presentation with drawings and schematics developed by the design consultant to the Port of San Francisco. He indicated that plans for the potential development are not yet final but have been proposed for approval of the Port. He described the promenade and the pedestrian accesses and areas. There would be a plaza in the area, places where people can get close to the water, and a semi-sculptural environment. Down at the foot of Howard Street is an arch of historic merit which could be preserved in a special plaza. The sea wall would be used as a continuous element to tie the activity areas together. A fishing pier was also proposed. He indicated the possible location where a floating dock could be developed for boats to tie up. An amphitheater suitable for impromptu street theater and public entertainments was also proposed. Mr. Burness showed sketches illustrating various parts of the promenade, including the proposed arch on Pier 16.

NEW BUSINESS (continued)

Mr. Lee inquired if the proposed marina area will be in competition with Pier 39 and Mr. Burness responded that there was evidence that sufficient demand existed for additional marina areas. President Wexler expressed concern that there was sufficient space for the kinds of activities that will keep people returning to the area or whether this was the type of place people would visit only one time. Mr. Burness indicated that this was an important question. He believed that the consultants had adequately designed the area to provide for a whole spectrum of activities but that it needed to be reinforced by development of the area.

In response to President Wexler's inquiry if there were plans for public restroom facilities, Mr. Burness responded that there were no plans for such facilities at this time. President Wexler inquired if this development were entirely under the jurisdiction of the Port and Mr. Burness replied affirmatively.

President Wexler thanked Mr. Burness for his presentation.

NEW BUSINESS (continued)

- (f) Resolution No. 140-78. Travel Authorization: Wilbur W. Hamilton, Executive Director; Lewis Arnold, Director of Development.

Mr. Hamilton indicated that travel authorization was sought for him and Mr. Arnold to attend meetings in Washington, D. C., June 25 to 27, 1978. The purpose of the trip was to present the Agency's development opportunities to a large group of national developers convened by the Urban Land Institute for an urban consortium. The presentation includes opportunities in the Yerba Buena Center project, Hunters Point Phase III commercial sites, Fillmore Center Phase II and those other development opportunities that exist within the Agency area. The City has requested the Agency's participation in this presentation. Funds are available for the trip and staff recommends approval.

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

President Wexler announced that the meeting would be recessed and reconvened immediately in the Fourth Floor Conference Room at 939 Ellis Street for the purpose of hearing Agenda Item 9(g).

MATTERS NOT APPEARING ON AGENDA

- (a) Urban Consortium Proposal.

Mr. Arnold Townsend of WAPAC came forward and expressed concern about the language in the proposals submitted by the Agency to the Urban Consortium. He objected to certain statements in the proposal submitted by the Agency concerning Western Addition's Fillmore Commercial Center which stated that it was an area with high unemployment due to the large surrounding black population. Mr. Townsend felt that this was an unfair

MATTERS NOT APPEARING ON AGENDA (continued)

statement, particularly since there were six blocks vacant within the area and alleged that this exemplified the Agency's insensitiveness to people's feelings.

President Wexler indicated that he believed that no one was more sensitive to such matters than the Agency's management staff which included Mr. Hamilton, Mr. Mills and Mr. Suttle. Mrs. Mary Rogers, President of WAPAC, said that she regretted the proposal had been sent to Washington without local review, and Mr. Hamilton indicated that the language had been corrected before the final copy was sent off. Mr. Townsend expressed his appreciation that certain Agency staff had read the proposal and had changed the unfortunate language. Mrs. Rogers expressed the expectation that Mr. Hamilton and Mr. Suttle would review every letter that pertained to the Western Addition Area A-2. She indicated that she had mentioned this to Mr. Williams Evers, President of the Mayor's Economic Development Advisory Council, as well.

NEW BUSINESS (continued)

RULE OF THE CHAIR: President Wexler indicated that, subject to objections of the Commissioners, the meeting would recess for ten minutes and reconvene in the 4th Floor Conference Room, 939 Ellis Street, to complete the agenda. There being no objections, it was so ordered. The meeting recessed at 6:05 p.m.

The meeting reconvened at 6:15 p.m.

- (g) Status Review of Development Potential in the Sutter/Fillmore Area, Western Addition Approved Redevelopment Project Area A-2

Mr. Hamilton indicated that there were a number of developments and policy issues that the staff would like to review with the Commissioners and obtain their guidance and direction. He noted that this included such issues as the use of Site 13 on the northeast corner of Sutter and Fillmore Streets. This site was proposed for development of a low-income housing project but had failed to proceed. On the northwest corner, a development proposal has been received for a housing and professional offices development from Suttermore Associates. On the corner of Fillmore Street and Post there is a question as to the optimum use of the parcel surrounded by Jones Memorial Housing development. He noted that this parcel had become available as a result of a HUD determination that rehabilitation of the existing structure was not feasible and the building was subsequently cleared. Across Fillmore Street from this parcel is Victorian Square and consideration needed to be given to reinforce its commercial function. Mr. Hamilton asked Mr. Suttle to present more detailed information on these matters.

NEW BUSINESS (continued)

Mr. Suttle indicated that the intersection was well-travelled and actually now several busloads of tourists a day were brought in to view the restored Victorians. He outlined the activity under way in the area which included the rehabilitation work at Victorian Square and construction on the parcel to the east of the Victorian Square development where 72 units of low to moderate priced housing are being built. It is anticipated that these units will be ready for occupancy in November or December of this year. Mr. Suttle also indicated adjacent housing projects and the relation of this intersection to Fillmore Street as its easterly anchor.

Mr. Suttle indicated that policy on building moves is a specific issue that needed Commissioner determination. He noted that approximately \$480,000 has been added to the 1979 Community Development budget for the moving of seven buildings into A-2. Of the eight Agency structures to be moved, two occupy sites which must be cleared within the next ninety days, and it is necessary to determine if these moves are to be carried out immediately. In addition, staff has prepared a proposed offering of parcels in the project for development but until it is determined to which sites buildings will be moved, the offering of cleared land cannot be calendared for the Commissioners' consideration. Mr. Suttle indicated that Mr. Charles Slutzkin from Gerson Bakar Company was present to respond to questions on the proposed move of seven buildings from the Sacramento/Walnut Street site being cleared for construction of elderly housing. Mrs. Bland Platt from the Landmarks Advisory Board was also present to comment on the historical merit of the Sacramento/Walnut Street buildings. Mr. Suttle indicated photographs of the fifteen buildings proposed for moves.

In response to President Wexler's inquiry, Mr. Suttle indicated that the housing proposed for the corner of Fillmore and Sutter Streets would have had commercial and professional office space combined with residential units. President Wexler indicated his belief that Fillmore Street is essentially commercial in nature and he believed it should retain that character.

Mr. Suttle noted that historically this portion of the project had been planned to have housing as its primary use; however, due to the subsequent increase in commercial uses, additional commercial could be appropriate in this area. Mr. Suttle indicated that in regard to the building moves, there were essentially four schemes proposed.

The first scheme was the one presented in Hunters Point at the Agency meeting of April 18, 1978, which located seven buildings from the Sacramento/Walnut site on Site 13. This scheme would also propose that the eight Agency buildings would be moved to in-fill in other neighborhoods throughout the project area as indicated on wall maps.

NEW BUSINESS (continued)

The second scheme proposes the movement of five of the buildings from Sacramento/Walnut to the southerly half of Site 13. These would be the five most architecturally significant buildings.

In response to President Wexler's inquiry, Mrs. Platt indicated that these buildings had not been designated for Landmark status or the National Register but were sufficiently significant to merit such a designation. Dr. Williams expressed his belief that the Agency's function was to redevelop the Western Addition A-2 project area and devote its resources to completing that objective. He did not believe that the Agency should be involved in expending funds to bring in buildings from outside the area. Mr. Suttle indicated that the funds to be used would come from Community Development grants and would have to be approved by the Mayor's Office of Community Development (OCD). The 1979 CD Budget included \$490,000 for moving buildings. These funds could be expended outside the area if approved by the OCD.

He noted that this would be an appropriate use of CD funds since moving these buildings would clear the site for low-income elderly housing and further the City's overall housing program. Mr. Suttle also expressed the belief that the buildings could enhance the area, noting that siting them on the corner of Fillmore and Sutter Streets would augment the Victorian atmosphere projected by the Victorian Square development. President Wexler indicated that it appeared the Commissioners would have to make the choice between moving some buildings or allowing new construction to be developed on the site.

Mr. Suttle indicated that the \$490,000 in the 1979 CD Budget would provide the moving cost for the seven buildings from the Sacramento/Walnut site. He noted that this represented the Agency's entire 1979 budget for building moves and would not provide funds for moving the buildings within the project. The Jewish Welfare Federation, which is attempting to develop the housing on Sacramento/Walnut, will provide \$50,000 to defray moving costs of any buildings from their site. This \$50,000 represents the amount of money in the Federation's budget for demolition of the structures. However, this scheme which represents a proposal for saving five of the buildings from the Federation site would have a net cost of move to the Agency of \$245,000. In response to Dr. Williams' inquiry, Mr. Suttle indicated that the Agency did not presently have funds available for this proposal and that Mr. Hamilton would have to comment on how such funds might be obtained.

The third scheme represented a proposal for preserving some of the Agency buildings and three of the most significant buildings from the Sacramento/Walnut site. Mr. Suttle indicated that these could be moved to the Biedeman area and reinforce the Victorian structures already being renovated in this neighborhood. There would be a total

NEW BUSINESS (continued)

of seven structures moved under this proposal: three would come from the Sacramento/Walnut site and four from the project area with a total cost of approximately \$315,000. The three buildings being moved from Sacramento/Walnut would cost approximately \$140,000. President Wexler inquired if the Jewish Federation's offer of \$50,000 to defray moving costs would still apply, even though only three buildings were being removed. Mr. Suttle answered affirmatively, noting that the Federation also had a time problem for clearance of the site and the escalation of construction costs might make it economical for them to provide additional funds in order to expedite the building moves. In response to President Wexler's inquiry, Mr. Suttle indicated that the Federation had not offered additional funds; however, there had been informal discussions which indicated that the Federation would consider such a proposal.

Mr. Suttle indicated that this fourth scheme was the one that he recommended which would propose selling one of the Agency buildings for an off-site move. He noted that a developer had discussed the possibility of purchasing a building and removing it outside the project boundary. This plan would incorporate moving four structures from the Sacramento/Walnut area and three Agency buildings to the Biedeman area for a total cost of \$152,200.

Mrs. Rogers expressed concern about any expenditure of funds to bring buildings into the project. She believed that all work should be completed in the project before there was any consideration of undertaking additional activities. She also was concerned that the Commissioners were ready to authorize demolition of housing at 360 Grove Street. Mr. Suttle noted that the buildings at Grove Street occupied a site committed to the City and that the structures were not suitable for moving.

Mr. Hamilton indicated that on the question of locating the Sacramento/Walnut Street buildings on Site 13, they would complement the Victorian Square development. He noted that the question of expending funds for this purpose was one which would have to be determined by OCD. There was some indication that the proposal might not be reviewed favorably by OCD because they were presently concerned about decreasing project costs and there had been a suggestion that the Agency's rehabilitation program would be reduced to only renovating seriously blighted buildings. This would enable the City to complete the project more expeditiously. He recommended that the Commissioners consider looking at the most effective use of Site 13 which he believed was the development of 30-40 units of new housing on the parcel. This proposed development could incorporate commercial uses and reinforce the activity in Victorian Square. The fourth scheme presented by Mr. Suttle appeared to represent the most effective way to save the Federation and Agency buildings of architectural merit. He recommended

NEW BUSINESS (continued)

that this proposal be considered only if the buildings were disposed of on a preferential basis to certificate holders and either the Jewish Federation or OCD agrees to fund the building moves. He noted that funds for such moves could be taken from 1978 project activities through a line item transfer if there were assurances they would be reinstated for the 1979 budget year. He believed that this could be accomplished without damaging the Agency's program. President Wexler indicated that he agreed with Dr. Williams and that the Commissioners were obligated to look at the proposals in view of what would provide the most benefit for the A-2 community. He indicated his understanding of the concerns voiced by community representatives and expressed the belief that as much commercial development as possible should be developed on Site 13.

In response to President Wexler's inquiry, Mr. Hamilton indicated that the proposal to build 30 to 40 housing units would presume inclusion of commercial in a portion of the ground floor area. President Wexler indicated that it appeared the proposal to develop apartment units in this location would preclude community residents from ownership opportunities. If the Victorian structures were moved into the area there would be an opportunity for such purchasers to participate. He expressed his belief that the considerations also had to be concerned with ownership opportunities and the relationship of the development to the character of the area. He requested a recommendation from staff on this aspect. Mr. Hamilton indicated his belief that the greatest benefit to the community would be derived from construction of a development which included both commercial and additional housing units.

Mr. Suttle indicated that the Victorian Square property owners had expressed opposition to the placement of additional Victorian buildings on Site 13 and urged that new development be built. They were interested in proposals which included construction of a Racquet Ball facility, student housing for a dental school, an Asian grocery store, and he noted that a community resident, Mr. J. B. Phillips, who was present, was interested in purchasing the entire parcel for development. These proposals all include mixes of commercial with housing.

In response to President Wexler's inquiry, Mr. Hamilton indicated that new development can occur on the site at no additional cost to the Agency. President Wexler inquired about the loss that would be incurred in moving buildings on to the site and Mr. McClure noted that the cost resulted from moving the buildings which would be sold at a fair-market price approximately equalling the rehabilitation costs.

In response to President Wexler's inquiry, Mr. Hamilton noted that the cost to move the entire group of Federation buildings would be approximately \$500,000. President Wexler indicated his regret at losing the charm of having additional Victorians in the area and the loss of the ownership opportunities that such buildings would represent. He noted that it appeared the community would derive the most benefit from the new development on the site. Ms. Shelley indicated that it

NEW BUSINESS (continued)

appeared a matter of weighing more intense housing development against ownership opportunities. She inquired if there were an opportunity to provide ownership in a condominium development. In response to her inquiry, Mr. Suttle indicated that the purchase price of condominiums could be expected in the range of \$80,000-\$95,000.

Mr. Suttle indicated that the next issue which needed to be considered in this area was the potential development of the parcel surrounded by Jones Memorial Housing development on the southwest corner of Sutter and Fillmore Streets. Mr. Lee indicated that the uses in the Bush and Pine Street areas appeared to be commercial and Mr. Suttle concurred. Mr. Lee stressed his belief that it was necessary to reinforce the commercial nature of the area by having maximum commercial mix in any development.

Ms. Berk inquired if Mr. Suttle was discussing the possibility of a new development on the southwest corner of Fillmore and Sutter Streets and Mr. Suttle answered negatively, noting the location of the completed Jones Memorial units.

In response to Mr. Arnold Townsend's request, President Wexler asked him to comment on the presentation. Mr. Townsend indicated his belief that originally the Agency had been resistant to building moves and once the moves had been successfully accomplished, the staff had proposed a number of additional moves. However, he did not believe they had proven to meet the needs of the community. He cited the buildings that the Heritage organization had participated in which he believed had been sold to wealthy white people. He urged that the Commissioners explore ways to accomplish opportunities for the community before undertaking any additional building moves. He also believed that the Certificate Program was not helpful in permitting community ownership. He urged that some way be found to reduce the price of the buildings and cost of renovation. He believed that buildings moved by the Agency and rehabilitated would sell in the \$200,000 price range, which was beyond the means of the low income people. Mr. Townsend indicated that WAPAC needed additional information before making a decision on the building moves. He believed that it was important to know how the buildings would be rehabilitated and how the ownership would be allocated. Otherwise, he did not feel that WAPAC could concur in any building moves. President Wexler inquired about WAPAC's position on moving Victorian structures to Site 13 and Mr. Benny Stewart indicated that he had no position on this matter but fundamentally did not believe any funds should be spent to bring the buildings in from the Sacramento/Walnut area. He urged that any Victorians moved into the Fillmore area be those owned by the Agency. He believed that bringing in Victorian structures would maintain the theme of the area established by the existing Victorian Square. President Wexler inquired if Mr. Stewart believed there should be commercial on the ground floor, and Mr. Stewart answered affirmatively. Mr. Stewart urged that commercial be placed in the area wherever it was possible to do so, noting his

NEW BUSINESS (continued)

belief that it was optimum to combine residential and commercial uses. He expressed concern about one of the buildings proposed to be moved by the Agency, noting that in order to place it on the site it would be necessary to sever several bedrooms from the structure. Mr. Suttle indicated that if the building in question were moved to Site 13, it was too deep for placement on a single lot and would need to be oriented to face Bush or Sutter Streets to avoid reducing the number of bedrooms.

Mrs. Platt urged that all the buildings from the Sacramento/Walnut site be preserved. She noted that there were two buildings of particular significance. A third building of merit had been evaluated by Agency staff and found to be economically infeasible to relocate. President Wexler inquired if the cost of moving these buildings was sufficient to justify their preservation. He noted that it would be necessary to have costs developed so that it would be possible to justify the additional expenditures as opposed to new construction on the site. Mrs. Platt indicated that she had not required that the buildings be placed on Site 13. She was only urging that they be preserved. In response to President Wexler's inquiry, Mrs. Platt indicated that the buildings were of exceptional merit and should be preserved, even at a cost of \$250,000 to \$500,000. She indicated on the illustrative photoboard buildings numbered 7, 3 and 3a, noting that they were important in the uniqueness of their style and period and urged that they be rehabilitated, if not in place, then at another location.

Dr. Williams expressed his belief that there was racism involved in the proposal and that it appeared the Fillmore community was having buildings imposed on them that were not of maximum benefit to the area. Mrs. Platt reiterated her statement that the Landmarks Advisory Board had not determined any location for the buildings but had only urged that they be preserved. She noted in response to Dr. Williams' inquiry that Mr. Suttle had indicated that there was more demand for commercial space than the Victorian Square development could accommodate. This led to the consideration to move in additional Victorians to reinforce the character of the area and serve this need for commercial space. Dr. Williams expressed his belief that any buildings should be renovated through a "sweat equity". Mrs. Platt indicated that it was not her role to develop sites or mechanisms for renovating the buildings, that she only intended to work for their preservation. Dr. Williams indicated his belief that the Fillmore community would resist their placement in that area and inquired why Mrs. Platt did not propose that they be sited elsewhere. Mrs. Platt indicated that she knew of no other location which would have adequate space.

NEW BUSINESS (continued)

President Wexler indicated that no decision needed to be made at this time and inquired if the Gerson Bakar representative, Mr. Slutzkin, wished to make any comment on the matter.

Mr. Slutzkin indicated that he had been requested by Mr. Bakar to provide architectural services for the new housing on the Sacramento/Walnut site. In evaluating the buildings on the parcel, with Mrs. Platt's aid, his firm had cooperated with the Landmarks Advisory Board's efforts to preserve them. He believed that the Jewish Welfare Federation would be willing to let anyone move them for renovation. He noted that the Federation and his firm were compelled to have a cleared site within the next three months and that his primary interest was to get the elderly housing constructed at the Sacramento/Walnut location. In response to Mr. Hamilton's inquiry, Mr. Slutzkin indicated that if the A-2 sites are not made available for the building moves, the Federation would have to demolish the buildings in order to meet the schedule for start of construction of the housing for the elderly. He expressed the belief that the needs of the elderly were such that they took priority over preservation of these structures. Ms. Shelley inquired if it would be possible to integrate some of the significant structures into the new housing development, and Mr. Slutzkin answered negatively. He noted that these were three-story walkup units and were thus unsuitable for the type of resident that could be expected to reside in the elderly housing.

At this time, 7:30 p.m., Dr. Williams excused himself from the meeting.

Mr. Suttle indicated that the next matter to be considered was the parcel located at the northwest corner of Fillmore and Sutter Streets which had been offered in 1975 and a professional association, Suttermore Associates, was the only responding developer. They indicated an interest in developing the site for housing and professional offices. He noted that there had been various delays in proceeding with the proposal and he now recommended that Mr. Hamilton send Suttermore Associates a letter which established a time frame for their provision of additional information. This included increasing their deposit, providing additional information on their partnership, and submitting preliminary plans within thirty days. This would then be brought to the Commissioners for consideration and action. Mr. Suttle indicated that it was proposed to incorporate 10,000 square feet for commercial use in the development and 22 condominium townhouses which would sell for approximately \$80,000. It was proposed that they would be of wood frame construction with two bedrooms and two baths, and many amenities in the development such as a swimming pool and health facilities. Mr. Suttle indicated that it was recommended that staff send a letter to Dr. Goodlett and place him on firm takedown schedule,

Ms. Shelley indicated her interest in seeing a history of the development proposal, wanting to know when it had been offered and if Suttermore Associates had responded to that offering. She also inquired about the reason that the deposit needed to be increased and also

NEW BUSINESS (continued)

what actions had occurred since Suttermore Associates had submitted their proposal.

In response to President Wexler's inquiry about acceptance of the Suttermore Associates' proposal, Mr. Suttle indicated that the proposal from Suttermore Associates required a change in the Redevelopment Plan before it could be officially accepted by the Agency. He noted further that the Plan change had not been completed until July 1976. Mr. Hamilton indicated that the offering was predicated on successful completion of the plan change. In response to President Wexler's inquiry, Mr. Suttle indicated that Suttermore Associates had not been designated by the Commissioners as developers of the site. He noted that they had been in discussion with staff about the development since submitting their proposal in 1975. They had requested that the Agency agree to a fast takedown of the property and were also in discussions with staff about the possible use of financing authorized under Senate Bill 99. Mr. Suttle indicated that the deposit from Suttermore needed to be increased by \$700 to reflect the change in evaluation of the parcel that had occurred since its original offering.

Mr. Hamilton indicated that the Suttermore proposal needed to be placed on a time schedule which would enable the developers to bring plans before the Commissioners for their consideration. This consideration would be for the Commissioners to designate Suttermore Associates as developer of the property. The Commissioners will also need to consider a phased takedown of the site.

Ms. Shelley inquired about the rationale of proceeding with this group rather than making a public offering of the parcel. She inquired if the staff recommendation for consideration of Suttermore Associates was based on the reliance of Suttermore on staff representations that their development proposal would receive favorable consideration. Mr. Hamilton noted that there was a Plan change which had been necessary to accomplish before the developer could be expected to expend the necessary funds to prepare a development presentation for the Commissioners' consideration. Mr. Hamilton indicated that this was in accordance with the policy for disposition under the previous Commission. He stressed that it was particularly necessary for the partnership in Suttermore Associates to provide sufficient information to meet the Agency's requirements concerning composition of its partnership. He noted that this parcel represented a substantial commitment, and he felt strongly that a time schedule for a complete proposal had to be established.

In response to Ms. Shelley's inquiry, Mr. Hamilton indicated that it was staff's recommendation that Suttermore Associates provide this additional information and deposit within 30 days.

NEW BUSINESS (continued)

In response to Ms. Shelley's inquiry, Mr. Suttle indicated that staff also needed to consider the proposal for a phased takedown. Mr. Phil Westergaard came forward and noted that the developer's architect felt that both aspects of development would proceed simultaneously, but since there were two distinct types of development, residential and commercial, it was believed that it would be easier to accomplish the takedown through two separate disposition agreements and two separate financing plans.

Mr. Hamilton indicated that it was necessary to have additional assurances that the group's financial capacity was sufficient to accomplish the commercial development. Mr. Westergaard reported that staff was working with the developer on this aspect as well as obtaining the financing for the residential development.

President Wexler indicated that it appeared the Commissioners had the alternative of authorizing staff to proceed with sending a letter to Suttermore Associates requesting this additional information or to put the parcel out for public offering. Mr. Hamilton recommended that the Commissioners proceed with Suttermore Associates at least to the extent of determining its capacity to develop the parcel. He indicated that the group had performed a certain amount of work in formulating the proposal as a result of reliance on staff encouragement, and he believed it would be ill-advised to terminate the proposal at this stage. Mr. Suttle indicated his concern that there may have been legal liability incurred by the staff's representations. President Wexler proposed that an analysis of the legal liability be prepared and discussed at an executive session. Mr. Hamilton noted that he did not know whether there were actually legal implications but that he felt it would be morally wrong not to request Suttermore Associates to provide information sufficient for the Commissioners to determine if the group had an adequate proposal for developer designation. Mr. Lee concurred, noting that the developer apparently had expended time and effort in preparing the proposal and he believed it would be detrimental to terminate the relationship before it was ascertained if the group had the capacity to proceed.

In response to Ms. Berk's inquiry as to whether there were other parcels in this stage where developers were proceeding to formulate proposals without formal recognition by the Commissioners, Mr. McMahon indicated that there were about six in this status. He noted that these had been enumerated in some detail in the material sent to the Commissioners on the Agency's disposition status report and that these were being prepared for the Commissioners' consideration. Mr. Hamilton indicated that one particular disposition is parallel to the Suttermore Associates' proposal. This is the Stepanian disposition which will be brought before the Commissioners at an early date. In response to Ms. Berk's inquiry, Mr. Suttle indicated that a public offering had been made of the Stepanian parcel also.

Ms. Shelley inquired about the activity of Suttermore Associates since the Plan change had been accomplished in 1976. Mr. Suttle indicated

NEW BUSINESS (continued)

that the group had proceeded in perfecting the partnership, developing financing avenues, and formulating plans. Mr. Suttle outlined a chronology of activities on the parcel. He noted that Suttermore Associates had been put on no performance deadline and had not moved expeditiously. Ms. Shelley indicated that she had conflicting concerns about the matter. She believed that people should not assume rights that they have not been granted but was concerned that a developer who has proceeded in good faith should be terminated. President Wexler indicated that he shared her feelings and had discussed the matter with staff in setting guidelines for disposition. He did not believe such an assumption of authority would occur in the future. He noted, however, that the Commissioners were faced with a problem which resulted from an earlier policy and that the Commissioners had to weigh the aspects of formally designating the developer or terminating the proposal. He believed that the developer's past efforts should be recognized and noted his belief of the similarity between efforts to work out the Philippine Cultural and Trade Center site where the developer's interest was terminated and the parcel was put out for public offering. He noted that in this case the Commissioners had also retained the developer's deposit with the proviso that the Philippine community could apply that deposit to a resubmission of its proposal. This would advantage the developer who had previously expended time and effort to prepare an acceptable proposal. He believed that this was a precedent which could be applied to Suttermore Associates. He inquired if staff felt that this would be a compromise solution which would allow Suttermore Associates to prepare a complete development proposal but, at the same time, recognize their previous efforts.

In response to Mrs. Rogers' inquiry, Mr. Suttle noted that this would involve putting the parcel out for public bid. Ms. Shelley inquired about the time schedule that would be involved and expressed concern that essentially the same time would be consumed by the offering process as would be if the Agency proceeded with negotiations to have Suttermore Associates prepare a complete proposal. Mr. Hamilton confirmed this concern and noted that it would take at least 30 days to prepare the proposal. Mr. Lee indicated his belief that Suttermore Associates had deposited \$9,400 with their proposal in 1975 and had responded to the public offerings made at that time with the material requested. The proposed increase in this deposit of \$700 is to reflect the change in land value. He believed that retention of the deposit may infer a binding agreement and that it created a certain obligation by the Agency to the developer. Mr. Suttle concurred, noting that in addition, the developer had performed substantial work in formulating the proposal. Mr. Lee also expressed concern that the developer had been encouraged and had not received any indication that the Commissioners would not favorably consider a complete proposal.

President Wexler inquired about the staff recommendation on the proposal to put out the parcel for bid with the proviso that special consideration would be given a development proposal by Suttermore Associates. Mr. Hamilton indicated his belief that this would not be fair to Suttermore Associates. Mr. Hamilton believed that the optimum position would be to allow Suttermore

NEW BUSINESS (continued)

Associates a short time period to cure any defects in their proposal, and if they did not do so then the parcel could be offered for public bid. He expressed the belief that it was not analogous to the PCTC site since the developer on that site was actually designated by the Commissioners. President Wexler indicated that he had only used the PCTC site as a precedent for enabling a developer to submit a preferential proposal. Mr. Lee indicated his belief that if the parcel is put out to bid, it would constitute a new development request which he felt was unfair to Suttermore Associates, particularly if their deposit were retained after their efforts to develop a proposal. In response to Ms. Shelley's inquiry, Mr. Suttle indicated that there was interest on the part of the University of the Pacific's dental school in the parcel. President Wexler inquired if such expressions of interest had been received unsolicited and Mr. McMahon answered affirmatively.

Ms. Berk indicated concern that Suttermore Associates might be penalized as a result of the staff's proceeding on the basis of previous Agency policy. Mr. Hamilton concurred, noting that Suttermore Associates had every right to believe that they could rely on staff's encouragement. Ms. Shelley indicated that this reliance was reinforced with the Plan change, and she believed that the appropriate course of action would be to put the developer on a 30-day time schedule. Ms. Berk expressed concern about being placed in this position on other development proposals and stressed her belief that all parcels should be made part of a public offering. Mr. Hamilton noted that six parcels enumerated to the Commissioners which were in process as a result of the previous disposition policy. He indicated that these would be brought before the Commissioners on an individual basis for consideration of their merit. President Wexler indicated his belief that a favorable decision on Suttermore Associates would not necessarily set precedents on other proposals in this status.

President Wexler inquired about the recommendation of WAPAC on this matter. Mrs. Rogers indicated that they had reviewed and approved the Suttermore Associates' preliminary proposal and recommended the Commissioners consider the proposal for developer designation. She believed that there should not be a double standard in the considerations of proposals submitted. She cited as an example the Housing Authority which had parcels designated for over ten years and she believed that all developers should conform to the same requirements. Mr. Suttle indicated that the Housing Authority's designation had expired three years previously and that the staff had begun to offer the parcels which had been cleared and held for the Authority's use. Mrs. Rogers also believed consideration be given to the problem that one of the principals in Suttermore Associates, Dr. Carlton Goodlett, had encountered in obtaining funding as a result of alleged "redlining" in the area. She believed that Suttermore proposal should at least receive equal consideration with any other development proposal. Mr. Suttle noted that in keeping with the Commissioner's policy, developers had been put on notice that preparation proposals implied no-binding agreement but would be calendared for the Commissioners' consideration. This had also been done with the Housing Authority. President Wexler inquired as to the Commissioners' action on the matter.

NEW BUSINESS (continued)

MOTION: It was moved by Ms. Shelley, seconded by Mr. Lee, and unanimously carried that the Executive Director be authorized to request Suttermore Associates to perfect their development proposal within 30 days for the parcel located at the northwest corner of Fillmore and Sutters Streets, Western Addition Area A-2.

Mr. Suttle indicated that the next issue for the Commissioners' consideration concerned the 103 units of housing developed by the Jones Memorial Homes on the southwest corner of Fillmore and Sutter Streets. This development had originally included acquisition of the structure between Fillmore and Post Streets which, when renovated, would have provided 52 units of senior citizen housing with commercial uses on the ground floor. Unforeseen structural defects were discovered and it was found infeasible to rehabilitate the building. The Agency then purchased the structure back from Jones Memorial Homes with the intention of demolishing the building. Since the heating plant for the Jones Memorial development is located in this parcel it is proposed to demolish the existing structure and resell the parcel to Jones Memorial for development. The Jones Memorial Homes has continued to be interested in building residential units on the site. Staff is concerned, however, that the Jones Memorial Homes sponsors do not intend to include any commercial in the development. The sponsors have encountered difficulty with commercial uses in another development and are reluctant to undertake development of additional commercial space. Staff recommends that Jones Memorial Homes be designated as the developer of the site with the proviso that 5,000 square feet of commercial space be provided on the Post Street corner. Mr. Suttle indicated that the developer would also have a lobby entrance for the residential units and other active uses on Fillmore Street which would, with the corner commercial, provide reinforcement for the other commercial uses on Fillmore Street. He noted that the developer had not committed itself to this requirement. He recommended that the Commissioners authorize staff to proceed with the developer on that basis.

President Wexler indicated his belief that an extension of commercial activity in the area was necessary to enhance the viability of the existing businesses. Mr. Suttle concurred. Mr. Lewis Arnold, Director of Development, indicated his belief that the Agency should achieve as much commercial development in the area as possible. He stressed that this was necessary to reinforce the existing business; however, it appeared that achieving commercial uses on the corner of Post and Fillmore Streets would be an acceptable compromise. President Wexler inquired if the commercial use proposed in the Jones Memorial development at Post and Fillmore would be economically feasible or if these were uses related to the needs of the residential units. Mr. Hamilton indicated that it appeared there was a demand for commercial use apart from activities which would serve the building's residents. Mr. Arnold indicated that this would provide commercial uses at both corners of the block and give a sense of continuity to the commercial nature of the street.

NEW BUSINESS (continued)

President Wexler inquired if approval by the Commissioners would be the next step if the developers accepted the requirement for inclusion of commercial space and Mr. Hamilton answered affirmatively. He noted that there may be some expression of concern about the requirement from the developer's representatives. In response to President Wexler's inquiry, Mrs. Rogers indicated her concurrence in the staff recommendation.

The Commissioners recommended that staff proceed with the proposal.

President Wexler inquired if it were necessary to resolve the issues related to the building moves within A-2. Mr. Hamilton indicated that the issues involved could wait a week but that a number of decisions were necessary and the matter should be resolved. Mr. Suttle expressed concern that the market rate offering depended on a decision as to whether one of the parcels presently included in the offering would be cleared for sale.

RULE OF THE CHAIR: President Wexler indicated that subject to the Commissioners' objections, the meeting would recess ten minutes and resume at 8:30 p.m. There being no objections, it was so ordered.

The meeting convened at 8:30 p.m.

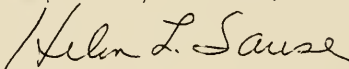
President Wexler indicated that it appeared a number of issues involved in the building moves required further and more detailed consideration and recommended that the matter be put over until the following week. Mr. Hamilton concurred.

RULE OF THE CHAIR: President Wexler indicated that subject to the Commissioners' objections, this matter be calendared for Commissioner action at the next Agency meeting. There being no objections, it was so ordered.

ADJOURNMENT

It was moved by Ms. Berk, seconded by Mr. Lee, and unanimously carried that the meeting be adjourned to an executive meeting. The meeting was adjourned at 8:35 p.m.

Respectfully submitted,



Helen L. Sause
Secretary

JUL 26 1978

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MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
27TH DAY OF JUNE, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 27th day of June, 1978, the place, hour and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President
Joan-Marie Shelley, Vice President
Charlotte Berk
Dian Blomquist
Rubin Glickman
Melvin D. Lee
Dr. Hannibal A. Williams

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were J. W. Obata, Barket/Obata Associates; Mrs. Bland Platt, Landmarks Advisory Board; Dr. Redell, Director, Charles Collins, Chairman of the Board, and Denis Nealy, San Francisco Speech and Hearing Center; Betty Dole and Marty Lovinger, interested citizens; Willa Jones, Joint Housing Committee, Hunters Point; Robert L. Sockolov, Rochester Big & Tall; Arnold Townsend, Western Addition Project Area Committee (WAPAC); Maria Patello Galatti, Vida Foundation; Cynthia Joe, Presbyterian Church in Chinatown; and M. Buchanan, Architectural Associates.

Representing the press was Marshall Kilduff, San Francisco Chronicle.

President Wexler welcomed back those Commissioners who had been on vacation.

APPROVAL OF MINUTES

It was moved by Ms. Berk, seconded by Mr. Lee, and unanimously carried that the minutes of the Regular Meeting of May 16, 1978, as distributed by mail to the Commissioners, be adopted.

It was moved by Ms. Shelley, seconded by Dr. Williams, and unanimously carried that the minutes of the Regular Meeting of May 30, 1978, as distributed by mail to the Commissioners, be adopted.

SPECIAL APPEARANCES

- (a) Presentation of Design of Playfield adjacent to Housing Site B, Hunters Point Approved Redevelopment Project Area.

SPECIAL APPEARANCES (continued)

Mr. James Wilson, Area Director, Hunters Point/India Basin, came forward and indicated that Mr. J. W. Obata of Barkat/Obata Associates would make a presentation to the Commissioners on the details of the final design of the playfield to be built as approved by the Joint Housing Committee (JHC) and currently calendared to be approved by the Park and Recreation Commission on July 13. Mr. Obata came forward to present the details and stated that the basic concept of the design was to develop a passive-type development with extensive landscaping, with a play sculpture for small children, seating area, and two picnic areas. The site is basically flat and will be graded to a rolling configuration. He indicated the location of the school directly above the playfield and the adjacent housing units. In response to President Wexler's question, Mr. Wilson noted that this play area was intended to be a neighborhood play area to serve the needs of children 4 to 10 years of age. Mr. Wilson indicated the nearby location of play areas for older children.

Mr. Glickman inquired if there would be supervision of the area and Mr. Wilson responded that there would be no formal supervision since this was a community play area and the parents would be responsible.

In response to President Wexler's inquiry, Mr. Obata indicated that the design had been worked out in cooperation with the JHC. In response to Ms. Berk's inquiry as to who would maintain the playfield, Mr. Obata said the Agency would maintain it for two years. Mr. Wilson said that ultimately the City would be required to maintain it.

President Wexler thanked Mr. Obata for his presentation.

- (b) Public hearing to hear all persons interested in the proposed transfer and conveyance of property located adjacent to 864 Fulton Street (Parcel 780, Lot J), Western Addition Approved Redevelopment Project Area A-2.

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 780, Lot J, Western Addition Approved Redevelopment Project Area A-2. There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) On Monday he had gone to Washington with Mr. Lewis Arnold, Director of Development, to participate in the Urban Consortium program held under the auspices of the Urban Land Institute with Mr. William Evers, President of the Mayor's Economic Development Advisory Council. Mr. Hamilton indicated that they had presented the development opportunities available for land under the control of the Agency. He noted that a copy of the written proposal would be sent to the Commissioners. The presentation was made to over 450 persons representing private development and Federal agencies. He believed that the dialogue between developers and Federal agencies was successful and that the Agency could expect to receive inquiries from developers.

REPORT OF THE EXECUTIVE DIRECTOR (continued)

- (b) An in-lieu tax payment of \$24,900 has been made to the City, bringing the total of in-lieu tax payments to \$2,323,000. This amount is derived from taxes collected from developers after execution of land sale contracts and before completion of developments.

REPORT OF THE PRESIDENT

President Wexler indicated that he had received a letter from John Igoe, City Project Coordinator for Yerba Buena Center, expressing appreciation for the cooperation of the Agency staff during the EIR process. He mentioned in particular Thomas G. Conrad, Chief of Planning and Programming, and Mark Doane, Attorney. President Wexler indicated that he was pleased that the Convention Center continues to move ahead.

NEW BUSINESS

- (a) Consideration of building moves, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that this matter had been under discussion at the Agency meeting the previous week during a workshop to consider the development strategy for the Fillmore and Sutter Street area. He recalled that the Section 236 development on the corner of Fillmore and Sutter had been terminated by HUD, that several buildings in the A-2 area were being considered for moves, and the Jewish Welfare Federation had also proposed to provide \$50,000 to defray the cost of moving seven buildings from the elderly housing site at Sacramento/Walnut Streets. At the conclusion of the workshop, staff had recommended that the Commissioners consider the move of four of the buildings from the Sacramento/Walnut area to a Divisadero/Ellis Street location in the Biedeman area rather than to the Fillmore/Sutter site originally discussed. The buildings in question would fit the site and complement the Victorians already in that area. These moves would also be in accordance with discussions with the Biedeman area residents. The cost of that proposal is estimated at \$150,000 for building moves costs and \$50,000 would be available to the Agency as funds to be donated by the Federation. The Agency is also proposing to move three buildings from within the project to that location. He noted that staff has recommended marketing of the Sutter and Fillmore Streets site for ground floor commercial and residential uses. He stressed that no project funds would be used to pay for the building moves from Sacramento/Walnut Streets and it was proposed that the Agency request either the Office of Community Development (OCD) to provide block grant monies or the Federation to pay for the moves. Since the clearance of the site at Sacramento/Walnut Streets will provide for the development of 200 senior citizen units and enhance the City's ability to disperse such housing, HUD is expected to concur in such an expenditure of funds.

NEW BUSINESS (continued)

President Wexler indicated his understanding that it would cost approximately \$500,000 to move the Federation buildings to the corner of Sutter and Fillmore Streets. This was money that would not be recovered when the buildings were sold. Mr. Hamilton concurred. It was also President Wexler's understanding that one of the Agency-owned Victorian buildings is under consideration for sale to a private developer to move outside the area whom he assumed would be able to move and rehabilitate that building and still come within the fair market value. Mr. Hamilton said he was not entirely sure of the financial aspects of that move, but believes that this was a correct assumption.

Mr. Gene Suttle, Area Director of Western Addition A-2, came forward and indicated that the prospective buyer was interested in two buildings: one on Bush Street and one on Buchanan street, the prices being \$43,000 and \$52,000 respectively. The buyer is a long-time resident in the A-2 community and will be able to pay the moving expenses which will be included in the Agency's moving contract to recover these because this is a large building which will yield a large number of units. President Wexler inquired why a private developer was able to move two buildings and recover the cost both of rehabilitation and the move. This appeared to indicate that people were willing to pay more for the buildings; however, the Agency's proposal was only to recover the cost of rehabilitation and not the cost of the move. Mr. Suttle indicated his belief that it was the Agency's objective to make properties available on a preferential basis to certificate holders. Disposition prices are also established by HUD. President Wexler noted that he was not suggesting that staff's recommendation not be followed but that he understood the Agency would have to absorb \$500,000 economic loss now if all the buildings were moved. He noted that this loss could be defrayed by not imposing the requirement of preference to certificate holders. No certificate holders will be able to participate in the new construction to be built on Site 13 if the Agency were to move all the buildings to Site 13 and sell them to the highest bidder. He inquired whether all moving costs could be recovered. If this were the case, then it became a choice of new construction versus moving Victorian structures to the site. Mr. Hamilton indicated that building renovation outside the area did not necessarily meet Agency standards and this was a factor in rehabilitating the structures to be moved outside the project area. Mr. Suttle advised that buildings outside the area had only to be brought up to code for new construction and the Agency's standards are higher. Mr. Hamilton noted that the Agency's costs had been increased because the buildings it had moved were jacked up and a ground floor commercial added. President Wexler inquired if there is a basis for the Agency to consider in moving buildings that they were too expensive to be purchased at a fixed rate by certificate holders. He noted that rather than new construction on the site the Agency might consider putting the property out for the highest bidder which may then cover the increased economic cost involved. Mr. Hamilton stressed his belief that offering the buildings to the highest bidder would not recognize the need for certificate holders' preference and, while it might be possible to cover these costs, this would not be fair. President Wexler indicated that

NEW BUSINESS (continued)

he was suggesting that the buildings that might be potentially available to move would apparently get a higher return if the certificate program were not used. He suggested that since new construction involved no certificate holders, they would not have an opportunity to participate in any case. Mr. Hamilton indicated his belief that the Agency should adhere to the Certificate Program which was designed to protect the people in the project area. Mr. Hamilton also indicated that new construction would provide commercial space and greater density of housing. President Wexler inquired if staff wished to have a policy determination on this and Mr. Hamilton indicated that it was the intention of staff to proceed to work on the move of the four buildings from the Sacramento/Walnut site and assemble them on Divisadero/Ellis and proceed to request funds to defray cost of moving if the Commissioners had no objection.

President Wexler inquired if WAPAC and the Landmarks Commission had any comments.

Mrs. Bland Platt came forward and indicated that she had informed her Board on Wednesday of the schemes being considered by the Agency. She had also talked to Mr. Suttle about the concerns of the Board. The Board recommended that the building designated as 3A on the picture display is not as important as building 2. She noted that she understood this large building was not being considered for move as discussed last week because of the expense involved. She had requested Mr. Suttle to re-evaluate the potential for moving it by cutting it in an east/west direction. This building is extremely wide and it would take up a larger space than is provided. She believed the Landmarks Advisory Board had some ideas which could be used to save the building if the Commissioners could leave some flexibility in which buildings were to be moved. Mr. Hamilton responded that staff would be pleased to look at the matter again although he believed all alternatives and choices had been previously examined. The building is difficult to move because of its size and the fact that the building would have to be cut. He assured Mrs. Platt that staff would be willing to look at any suggestions and the staff would inform the Commissioners if this alternative were worked out.

Mr. Arnold Townsend of the Western Addition Project Area Committee (WAPAC) came forward and expressed concern that Agency funds might be expended to move buildings that would ultimately sell at market-rate prices. He indicated his understanding that there was an obligation to the taxpayers but believed there was a commitment to the A-2 community made over twenty years ago. He reported that WAPAC would not endorse moves that would not give preference to certificate holders at a price they could afford. WAPAC supported the idea of a move, and additional family housing is very important, but it should be for the families in the area.

President Wexler recommended that he felt the Commission should adopt staff's recommendation.

NEW BUSINESS (continued)

MOTION: It was moved by Dr. Williams, seconded by Ms. Shelley, and unanimously carried that the Executive Director be authorized to proceed with the move of buildings to the Biedeman area from Sacramento/Walnut Streets involving four buildings for an estimated cost of \$158,000 and that the funds for these moves would be provided by OCD and/or the Jewish Welfare Federation and that the moves of three buildings within A-2 also be authorized for an estimated cost of \$120,000 and that the Certificate Program would be used in disposition of all the buildings, Western Addition A-2.

- (b) Resolution No. 142-78 Authorizing the Executive Director to enter into an Owner Participation Agreement with the owner of Lots 13 and 14 in Block 780, 864 Fulton Street, and to enter into Disposition Agreement and execute necessary conveyance documents, approving the method of sale, minimum disposal price, and ratifying and confirming publication of a Notice of Public Hearing, all in connection with the sale of Parcel 780-J, adjacent to 864 Fulton Street, Western Addition Approved Redevelopment Project Area A-2.

This resolution seeks authorization for the execution of an owner-participation agreement with the Holy Virgin Church for the renovation of its three-story church at 864 Fulton Street. Authorization is also requested to dispose of an adjacent 6,531 square foot parcel to the Church for a price of \$13,200. This land will provide 12 parking spaces for the Church which was built in 1872 and which has notable architectural and historic merit.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that the resolution be adopted.

- (c) Resolution No. 143-78 Approving and authorizing the Executive Director to execute Personal Services Contract EDA-2 with Woodward Clyde Consultants, Western Addition Approved Redevelopment Project Area A-2.

This item concerns authorization to execute a soils contract for the John Swett Community Facility with the firm of Woodward Clyde Consultants, not to exceed the amount of \$6,500. This contract will provide geotechnical services during construction of the John Swett Community Facility, and observation of the site preparation and the rough grading to meet structural and city standards, and prepare the final geological reports.

ADOPTION: It was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that the resolution be adopted.

- (d) Resolution No. 144-78 Authorizing the Executive Director to amend the rental agreements with the City and County of San Francisco (Department of Public Works) and the San Francisco Unified School District for the utilization of cleared land, Block 762, bounded by Golden Gate Avenue, Turk, Van Ness and Franklin Streets, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton outlined a brief history of this site, noting that the Agency entered into a Rental Agreement with the City for its use as parking as the

NEW BUSINESS (continued)

result of the construction of the Performing Arts Center and the loss of parking spaces on the Commercial High site. It has become apparent that there was a definite need for evening parking and the proposed actions under Agenda items 9(d) and 9(e) will enable such parking to be made available. Authorization is requested to amend the Rental Agreement with the City for parking on Van Ness, Franklin, Golden Gate and Turk Streets and to limit the City's use of the lot to 6:00 a.m. to 6:00 p.m. weekdays. This will permit lease of the lot for night-time parking. Since improvements have been provided by the City, compensation will be given for use of improvements in the amount of 25 percent of rental paid. Ms. Blomquist inquired how long the 25 percent of the rental amount would be paid. Mr. Earl Mills, Deputy Executive Director, Community Services, indicated that the improvement had cost \$65,000 and that Ms. Blomquist had brought up an important point that was being overlooked. The possibility that the City might receive more money than the improvements cost was an important consideration. The Agency does have the option of terminating the agreement with a thirty-day notice when the amount due had been paid.

- (e) Resolution No. 145-78 Authorizing the Executive Director to enter into a Rental Agreement with Allied Auto Parks, Inc., for the utilization of cleared Agency-owned land, Block 762, bounded by Golden Gate Avenue, Turk, Van Ness and Franklin Streets, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton noted that this companion resolution seeks authorization to enter into a rental agreement with Allied Auto Parks, Inc., high bidder for night parking on the block bounded by Van Ness and Franklin for 240 parking spaces at a maximum charge of \$2.00. The bid was 71.5 percent of monthly gross receipts less the parking tax. The lot was publicly bid and four firms responded.

In response to Mr. Lee's inquiry about only four firms bidding on the parking, Mr. Hamilton indicated that forty organizations had been sent invitations to bid and it had also been advertised in the newspapers. He did not know why the Agency had received only four responses.

Mr. Arnold Townsend came forward to request that the Agency not award the parking agreement because WAPAC had questions about the proposal. He noted that this resolution had only recently been brought to WAPAC and that originally there was no suggestion that the site leased to the City would later be made available for a commercial parking lot operation. He alleged that there was some subterfuge in the matter because the proposal had apparently been going on for three months without WAPAC being included in the discussions. He was concerned that a windfall is being created for a private party, in this case Allied Auto Parks, and that City funds had paid for the improvements of the lot. Mr. Townsend believed that Supervisor Harvey Milk had been told by Mr. Sam Stewart of the Performing Arts sponsor that this parcel was inconvenient for this purpose. He could not understand why this parcel had been unuseable two months earlier but was acceptable for parking for the Performing Arts Center now. Mr. Townsend noted that WAPAC had received a letter from the Agency dated May 8 which indicated there was some consideration being given to allow parking on the property at night. For some reason he

NEW BUSINESS (continued)

had not read the letter of May 17 which informed WAPAC that the parcel was going to be leased for parking. Mr. Townsend indicated that WAPAC might have requested use of the parking lot for training purposes and to employ the many low-income people in the area. He believed the Agency should not proceed for several reasons. He expressed concern that the taxpayers' money had been spent to develop the site and he believed a private entrepreneur should not benefit.

Mr. Hamilton indicated that the Agency was obligated to exercise proper management of land under its jurisdiction. This proposal will provide additional income and staff feels it is responsible to make it available rather than having the site vacant and not providing interim income. In regard to Mr. Townsend's concerns, he indicated that the May 8 letter advised Mr. Townsend of the possibility of renting the parcel at night; then the letter of May 17 gave an extensive explanation of the proposed amendment to the City Rental Agreement to limit use of the area to the hours of 6:00 a.m. to 6:00 p.m. weekly. It was indicated that use of the lot would be for evening parking and use of Saturdays, Sundays, and holidays. Mr. Hamilton could not account for the letter of May 17 not being in Mr. Townsend's files. He indicated that the site improvements were made to facilitate the City's use and it would be irresponsible of the Agency not to take advantage of the availability of the improvements and the income that could be available.

Ms. Blomquist indicated her understanding that it had cost the City \$65,000 to improve the site and Mr. Mills answered affirmatively. Ms. Blomquist noted that she figures it would take 630 months to amortize this amount. Mr. Townsend indicated his belief that the Agency should have solicited private enterprise to come in and improve the area and not expend public funds to provide parking from 6:00 a.m. to 6:00 p.m. He also noted that he did not mean to imply that WAPAC had not received the letter of May 17, only that he had not seen it.

President Wexler indicated that if Ms. Blomquist's calculations were correct, a private developer would not have been willing to expend funds in this amount. He expressed his appreciation for the staff's innovative efforts to find areas where they could generate additional funds. He believed it was important to try wherever possible, at no cost to the program objectives, to supplement the Agency income. He asked Agency General Counsel to comment on Mr. Townsend's statement that WAPAC as a project area committee to operate a parking lot. Agency General Counsel Leo E. Borregard indicated that he would have to review the matter, but he felt that there was a possibility that there would be a conflict of interest under the WAPAC contract. He indicated that he would look at the issue and get back to the Commissioners, but his preliminary observation was that there was a conflict of interest.

Dr. Williams said he would like to have Legal look into this matter further before taking any action. He recalled that the San Francisco Coalition had developed a proposal to manage a parking lot for training purposes and he had indicated to the Commissioners that other project area committees might request equal treatment. He asked for a legal definition of conflict of interest in this matter. He felt that Mr. Townsend had made a

NEW BUSINESS (continued)

strong point and that the Commissioners should not act on this lease agreement without giving WAPAC the same consideration as given to the San Francisco Coalition.

Mr. Borregard indicated that there was a distinction between the contract function of the San Francisco Coalition and WAPAC. The Coalition's function is to provide an affirmative action program and training. He noted that this was a major difference in the functions of the organizations. Mr. Townsend indicated that WAPAC would not wish to be involved in the parking if this were illegal; however, he recalled that the Coalition had not been required to respond to a public bid to get permission to use the vacant parcel. He thought that there were other concerns that should be addressed, such as the expenditure of public funds to make the lot suitable for use as a private parking lot. President Wexler indicated that the City was responsible for the site improvements and this decision was beyond the Agency's jurisdiction. Mr. Townsend noted that the Commissioners should be responsible for keeping the Board of Supervisors from acting imprudently. He urged the Commissioners to not support this proposal to allow a private entity to benefit from the expenditure of \$60,000 of public funds.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, that Resolution No. 144-78 be approved, and on roll call, the following voted "Aye":

Ms. Shelley
Mr. Lee
Mr. Glickman
Ms. Blomquist
Ms. Berk
Mr. Wexler

and the following voted "Nay":

Dr. Williams

and the following abstained:

None

The President declared the motion passed.

MOTION: It was moved by Mr. Lee, seconded by Ms. Shelley that Resolution No. 145-78 be approved and, on roll call, the following voted "Aye":

Ms. Shelley
Mr. Lee
Mr. Glickman
Ms. Blomquist
Ms. Berk
Mr. Wexler

NEW BUSINESS (continued)

and the following voted "Nay":

Dr. Williams

and the following abstained:

None

The President declared the motion passed.

- (c) Resolution No. 146-78 authorizing an extension of time for submission of evidence of equity capital and mortgage financing as set forth in the Disposition Agreement concerning the sale of Parcel 1127-B, located on the east line of Divisadero Street between Ellis and Eddy Streets, Western Addition Approved Redevelopment Project Area A-2.

Authorization is requested to extend the time for provision of equity capital and mortgage financing by the San Francisco Speech and Hearing Center by six months. The Center has provided plans on schedule but expected its funding has not yet been obtained for the \$1,750,000 project. Staff believes the Center has made every reasonable effort and recommends extending the time for submission of this information.

Dr. Redell, Director of the San Francisco Speech and Hearing Center, came forward to introduce Mr. Charles Collins, Chairman of the Board of Director of the Center, and Mr. Denis Nealy, who is in charge of fund raising for the program. Mr. Nealy explained that the Center was in the process of obtaining a mortgage commitment which, to date, totalled \$200,000. Until recently the Center had every reason to believe that it would be receiving \$1 million from a private source. The Center has now been advised that the source of that commitment is not now investing in such projects. The Center now must develop another funding source. It has made several inquiries to private sources and to public sources for its funding and there are indications that funding can be obtained. The six-month extension is requested to provide an opportunity to raise the funds. They have received tremendous positive response for obtaining the operating funds, which is typical for commitments to foundations. President Wexler commented on the community services provided by the Center and wished them good luck.

ADOPTION: It was moved by Mr. Glickman, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

- (g) Resolution No. 148-78 authorizing the Executive Director to enter into legal services contract in connection with Western Addition Approved Redevelopment Project Area A-2.

This resolution seeks to authorize to contract with Dinkelspiel, Pelavin, Steefel & Levitt for legal services in an amount not to exceed \$50,000 in connection with the Gage case filed in Federal Court. This firm is recommended because it is outstanding in this field of law and also has assembled data relevant to the case in working on the litigation brought by Gage in State Court.

NEW BUSINESS (continued)

ADOPTION: It was moved by Ms. Shelley, seconded by Dr. Williams, and unanimously carried that this resolution be adopted.

President Wexler inquired if anyone was present at the meeting for the purpose of the consideration of Item 9(k). He indicated that at the request of the Commissioners this item would be held over one week to allow time for evaluation of information on the matter.

- (h) Termination of Arcon, Inc., and extension of exclusive negotiating rights for Presbyterian Church in Chinatown, Stockton/Sacramento Approved Redevelopment Project.

This concerns a recommendation that the exclusive negotiating rights of the Presbyterian Church in Chinatown as sponsor/developer be extended for six months until December 31, 1978. Staff believes the Presbyterian Church diligently pursued development of the housing on the site at Stockton/Sacramento Streets. This action does not extend the development rights of Arcon, Inc., for the commercial facilities and commercial parking. The plan originally included a 200-car parking garage; however, the site and soils conditions have made this economically infeasible. Arcon, Inc., has indicated that they are no longer interested in participating in the reduced commercial potential of the development.

At this point, 5:30 p.m., Mr. Glickman excused himself from the meeting.

Mr. Hamilton noted that the next agenda item also pertained to this project. He introduced Agenda Item 9(i)

- (i) Modifying percentage of family unit requirements of the Redevelopment Plan, Stockton/Sacramento Approved Redevelopment Project Area (Resolution 147-78).

Mr. Glickman returned to the meeting at 5:35 p.m.

Mr. Hamilton indicated that staff recommended approval of a variance to the Redevelopment Plan which would waive the requirement that 20 percent of the units be three or more bedrooms. The project has been modified, as previously noted, to make it economically feasible. It has been necessary to delete the parking garage, increase commercial use from 8,000 to 15,000 square feet and add ten one-bedroom elderly units which bring the total number of units to 185. These units reduce the percentage of three-or-more bedroom units to 18.9 instead of 20 percent.

Mr. Edmund Ong, Chief, Architecture Division, indicated that excessive costs encountered in trying to build the parking garage and the commercial platform. invalidated the original concept of two separate mortgage packages: one for the housing and the other for all the commercial. The findings of the soils engineers on the project dictated either an acceptance of increased costs to the point of economic infeasibility or make a major modification of the structure itself. After this was discovered, the architects, the Church, the Agency and HUD re-analyzed the design and basically came to the conclusion that a more modest development package should be designed for this site to avoid the soils problems. As a result of a redesign of the

NEW BUSINESS (continued)

original proposal, basically the public parking garage for 200 cars was eliminated, the amount of commercial space was increased from 8,000 to 15,000 square feet, and a tower was modified to add ten additional units. HUD determined that the redesigned development should be processed as one mortgage package and, in effect, basically eliminated the private development interest in the project. President Wexler inquired if the soils conditions were too extensive to retain the public parking and Mr. Ong answered affirmatively.

President Wexler recalled that originally the commercial platform was necessary to help pay the cost of the residential units which could not support themselves without this subsidy. Now it appears that this was not valid and the housing units were viable without the commercial. He inquired if the housing could always have been an independent element and Mr. Ong replied that the physical change is basically elimination of the public parking garage which resulted in reducing the expense of the structural system but the commercial platform is still necessary to add financial support to the residential units.

Mr. Ong indicated that other cost reductions had also been included, using a reinforced poured-in-place concrete building rather than the original masonry block concept. With the poured-in-place concrete system, the necessity for retaining walls was eliminated and this further reduced costs. President Wexler inquired if there would still be parking available to the residents and whether, now that the commercial space will increase from 8,000 to 15,000 square feet, it was intended that the Presbyterian Church would have sufficient staff to manage this aspect. Mr. Ong indicated that the Church had sufficient expertise in this area and noted that there is one member of the Housing Committee directly responsible for development of this project who has a real estate firm in Chinatown. President Wexler asked if staff were satisfied and Mr. Hamilton replied affirmatively. President Wexler inquired if a letter had been received from Arcon, Inc., asking that its interest be terminated and Mr. Hamilton answered negatively, noting, however, that a telephone call had been received from Mr. Lyman Jee indicating his intention to request relinquishment. Agency General Counsel Leo E. Borregard indicated that the provision for commercial uses was omitted from the resolution and recommended that this be added. Mr. Lee indicated that he favored staff's recommendation and had no doubt that the Church had the resources to sponsor the commercial space.

ADOPTION: It was moved by Mr. Lee, seconded by Dr. Williams, and unanimously carried that Resolution 147-78 be adopted.

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Berk, and unanimously carried that Resolution 149-78 be adopted.

- (j) Resolution No. 150-78 authorizing the Executive Director to enter into a Professional Services contract with Thomas Sehuster, Architect, to determine alternative costs in connection with the move of Rochester Clothing Company, Yerba Buena Center.

Authorization is requested to contract with Thomas Sehuster, Architect, for evaluation of costs connected with the temporary move of Rochester Clothing Store from 700 Mission Street to 676-678 Mission Street. Costs

NEW BUSINESS (continued)

will be evaluated on an alternative basis and a recommendation will be brought before the Commissioners after Mr. Sehusier completes the study. The total contract will not exceed \$4,190.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (k) Resolution No. 151-78 authorizing write-off of certain delinquent rents due and credit balances owed, Yerba Buena Center, Western Addition A-2, Hunters Point, India Basin Industrial Park and Stockton-Sacramento Re-development Projects.

RULE OF THE CHAIR: Subject to any objections of the Commissioners, this matter will be held over one week and calendared for the meeting of July 5, 1978. There being no objections, it was so ordered.

- (l) Resolution No. 152-78 approving work order for residential environment and building inspection services for the period July 1, 1978 to June 30, 1979, for all projects and survey areas.

Authorization is requested to execute a work order in the amount of \$55,000 to provide residential inspections for potential rehousing units. Such inspections are required by the Federal Relocation Act and this work order will continue a service currently provided by the City.

Ms. Blomquist inquired what was the difference between environmental and residential inspections and Mr. Lee indicated that environmental pertained to aspects covered under the Health and Environment Code and residential covered Building Code matters. In response to Mr. Lee's inquiry about the cost per inspection, Mr. Earl Mills, Director of Community Services, noted that the average cost was \$41.03 per inspection. Mr. Lee inquired whether the building inspector formally inspected the site and wrote up a report on it, and Mr. Mills replied affirmatively. Mr. Lee indicated that the amount of \$55,000 suggested employment of more than one inspector and Mr. Mills indicated that this was correct as the cost annually of an inspector was approximately \$31,000. He noted that these inspections are reimbursed on an actual expenditure basis.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

- (m) Resolution No. 153-78 amending the Conflict of Interest Code for the San Francisco Redevelopment Agency.

Mr. Hamilton sought approval of a change in the Conflict of Interest Code for new employees to provide a Conflict of Interest statement within thirty days of starting employment. New Commissioners and those employees who serve at the pleasure of the Agency are required to file statements ten days prior to assuming their position.

NEW BUSINESS (continued)

President Wexler inquired of Agency General Counsel Leo E. Borregard whether this was a necessary amendment and Mr. Borregard answered affirmatively.

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

ADJOURNMENT

It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that the meeting be adjourned to an executive session. The meeting adjourned at 5:55 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Helen L. Sause".

Helen L. Sause
Secretary

